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GOVERNMENT AND ADMINISTRATION

Ministerial Changes

The following ministerial changes have been announced.

Department of Health and Social Security
Minister of State (Minister for Health)
Mr Kenneth Clarke, QC, MP (former Parliamentary Under-Secretary of State, Department of Transport)

Parliamentary Under-Secretary of State
Mr Antony Newton, OBE, MP (former Lord Commissioner of the Treasury – one of the Government Whips)

Lord Advocate's Department
Solicitor General for Scotland
Mr Peter Fraser, MP

Department of Trade
Minister of State (Minister for Consumer Affairs)
Dr Gerard Vaughan, MP (former Minister of State, Department of Health and Social Security)

Department of Transport
Parliamentary Under-Secretaries of State
Mrs Lynda Chalker, MP (former Parliamentary Under-Secretary of State, Department of Health and Social Security)
Mr Reginald Eyre, MP (former Parliamentary Under-Secretary of State, Department of Trade)

Treasury
Lord Commissioner of the Treasury
Mr Alastair Goodlad, MP (former Assistant Whip)

Assistant Whip
Mr Tristan Garel-Jones, MP

The following ministers tendered their resignations in January and February:
Mr Nicholas Fairbairn, QC, MP
(Solicitor General for Scotland)
Rt Hon Sally Oppenheim, MP
(Minister of State, Department of Trade)

Northern Ireland

The Government's approach to making a new political initiative in Northern Ireland was discussed by the Secretary of State for Northern Ireland in a speech in London on 16 February. The Government believes it necessary to restore greater power and responsibility to the politicians in Northern Ireland if improvements are to be brought about in the security situation and a sounder economy established.

Before discussing the Government's views on political advance the Secretary of State for Northern Ireland, Mr James Prior, reviewed the security position and outlined the economic problems of the Province.

Security
The security effort in Northern Ireland had been unremitting and conducted against ruthless men and women who cared nothing for democracy nor for the good of the community, said Mr Prior. It had been conducted strictly within the bounds of what was right and acceptable in a democratic society. The maintenance of greater stability was due to the results of long and painstaking work by the security forces and to increasing help from people who were sick of violence. The benefits of closer co-operation across the border with the Irish Republic had also brought some notable successes.

This recent improvement had followed a very difficult period. The hunger strike had polarised society and, while it continued, the division between the two communities had become wider. That was why it had been so important to the people of Northern Ireland that the hunger strike should end. The Government had not conceded the political status demanded by the hunger strikers and, once the strike was over, it had been possible to set about the long and difficult task of rebuilding greater trust and confidence between the communities (see p 287, 1981). The growing hope of improved relations had been shaken last autumn, however, when the Provisional IRA exacted a heavy toll with a series of murders, particularly on the border. Then came the assassination of Robert Bradford, the Member of Parliament for Belfast, South (see p 355, 1981).

Anxieties had also been increased by the reactions of leading Unionist politicians to the London talks in early November, between the Prime Minister and the then Taoiseach, Dr Garret FitzGerald, which marked a significant development in Anglo-Irish relations (see p 318, 1981). The majority community's unease had culminated in the day of protest, the scenes at Robert Bradford's funeral,

and the talk of making the Province 'ungovernable' and of setting up a so-called 'third force'.

On the security front, therefore, 1981 had been a most difficult year. At different times, both communities had been uneasy and, though at times the position had been serious, the security forces had always been able to retain control. What should be appreciated was not just the vital lesson of being resolute and determined in the face of threats or violence but also that periods of unrest stemmed from the uncertainty and instability which existed in the absence of political progress. The security problem remained a constant threat; the crucial factor would be the extent to which confidence could be restored in both communities, and the vital element in achieving this was political progress.

The Economy

Turning to the economy, Mr Prior said it was difficult to exaggerate the seriousness of Northern Ireland's economic plight. Unemployment was now over 113,000 or 19·7 per cent. In some areas almost one person in two was out of work. This stark statistic was difficult to comprehend, but was indicative of the struggle which the people of Northern Ireland faced. The situation was not helped by the Province's heavy dependence on the traditional industries – shipbuilding, textiles and agriculture – all of which were in decline to a greater or lesser degree. In agriculture and textiles, technological development had contributed to the decline in employment. The decline in the traditional industries had sharply heightened Northern Ireland's need to attract new investment from outside to provide the base for industrial growth and new employment opportunities, but the recession was adversely affecting most of the industrialised world and the competition for the limited amounts of internationally mobile capital was intense.

There were other problems too. With a population of around 1·5 million there was no ready-made home market for all Northern Ireland's goods and therefore it had to depend to a large extent on exports. There were no indigenous sources of energy and few raw materials. This resulted in Northern Ireland industry facing higher transport costs and having higher unit costs of production than in Great Britain. By greater efficiency it did its best to overcome these difficulties.

Because of the severe problems which Northern Ireland faced the Government had had to act directly and decisively. To this end action had been taken on a number of fronts. Industry's electricity costs had been pegged to the highest level of tariffs in England and Wales. Industrial support and development efforts were to be concentrated through a new Industrial Development Board being established in April (see p 308, 1981). This autumn a new training initiative would be introduced – the youth training programme – a year in advance of the proposals for Great Britain (see pp 21 and 24). In January this year, the Government had announced that it would spend £90 million more than originally planned in an effort to do more (see p 24). In particular, a major drive was being made to improve housing conditions.

In these and other ways the Government had responded to Northern Ireland's serious economic difficulties. Mr Prior was convinced that it was right to do so and that the aim of such action, to place Northern Ireland in a position to take advantage of improvement in the world economy, was correct. He also wished to stress the high quality, skill and dedication of the workforce in Northern Ireland.

Mr Prior emphasised again that he believed the all-important factor would be the ability to show that there was progress on the political front. Without that, the outside world would be reluctant to invest in Northern Ireland, which desperately needed its backing.

Political Development

There had been a lot of press speculation about the kind of political initiative the Government might be considering, said Mr Prior. The present position was that he had been seeing the various parties in Northern Ireland and weighing up their views. He had had a series of meetings and needed to have some further discussion with the parties before coming to a proper assessment of the prospects for a fresh initiative. It might be that he would conclude that a new initiative would not work: that the differences between the parties remained so great that it would be pointless even to try. If he concluded that the differences and disagreements could not be narrowed, direct rule would have to be made to work for a while longer.

Mr Prior said he believed that in Northern Ireland there were, every so often, periods when the mood was right for the Government to try a further political initiative. When one of these occasions – or 'windows' – opened up, no Government could afford to let the moment pass. He believed there was now a feeling in Northern Ireland that one of these 'windows' might be starting to open. Most people there probably expected a new initiative from the Government. He knew there were those who would say that the chances of any new initiative working in Northern Ireland were so remote that the Government should not even try. He knew that there were also genuine fears about what might happen if another initiative failed. These were very real concerns and the risks were considerable. He also believed that it would be a deeply tragic mistake if any opportunity were allowed to slip. The fact had to be faced that direct rule could not be made to work indefinitely; it was a remarkable achievement that it had been made to work as well as it had. Direct rule had brought to Northern Ireland a fair and impartial system of administration, but it was only a second best. It could not offer anything more than a temporary answer.

To give up the chance of trying to restore some greater power and responsibility to the politicians, Mr Prior continued, would be to become resigned to a very unsatisfactory security situation. There would also be economic implications: there would be little hope of establishing a sound economic base while the political uncertainty which accom-

panied direct rule continued. The Government had to try to get some power and responsibility back to the Northern Ireland politicians; otherwise the more moderate figures in both communities would never come to the fore.

Many people found the idea of 'integrating' Northern Ireland fully with the rest of Britain an attractive one, but Mr Prior did not regard this as a realistic approach. The four major political parties all opposed integration. The Official Unionist Party, the Democratic Unionists, the Alliance Party, and the Social Democratic and Labour Party were all committed to seeking the return of devolution for Northern Ireland. What integration would mean in practice would be imposing the same system of local government on Northern Ireland as applied throughout Great Britain; but Northern Ireland could not be governed simply as if it were a Yorkshire, or a Norfolk or a Dorset. Its history, geography, and society were different. Northern Ireland had had a devolved system of government for over 50 years up to 1972. That experience had shaped its politics in a way that could not now simply be pushed aside. The Province was also a part of the island of Ireland: that was bound to make it quite distinct from any other part of the United Kingdom.

Perhaps most important of all, Northern Ireland society was unique. Unlike any other part of the United Kingdom, the basic political divide ran on sectarian lines. A substantial proportion of the minority community also had nationalist aspirations. However much some people might regret this, it was a fact. Expression of this aspiration through the usual democratic means was clearly legitimate and acceptable.

Another vital fact about the history of Northern Ireland, said Mr Prior, was that the present troubles had their origins in the disturbances which came with the civil rights demonstrations in the 1960s. The minority community was often most strongly incensed by abuses at local authority level – notably over housing. For a Government to embark on a policy which would have as its centre-piece the return of much greater power to local government would be bound to give rise to the gravest possible concern. Returning substantial powers to the local authorities – as integration would involve – would immediately give rise to the old problem of 'power-sharing'. In the upper tier local authorities there would be the problem of permanent Unionist majorities. Control of an authority would not alternate [between political parties] as it did throughout most of Great Britain. Because the problem was that the basic political divide in Northern Ireland was sectarian, this lent itself to the development of a sense of injustice, and feelings of distrust amongst the minority community. For these reasons Mr Prior did not regard movement towards the full integration of Northern Ireland with Great Britain as a realistic option. Because of this, and because direct rule could not continue indefinitely, he would continue talks with the Northern Ireland parties to see if there was any prospect for movement.

Mr Prior emphasised that he was not setting out to seek full agreement from all the parties. His objective was to try to narrow the differences, to try to bring the disagreement within proportions which were at least manageable. The distinction between seeking full agreement and acceptance was an important one. If given a reasonable chance he suspected that the Northern Ireland politicians – for all their disagreements – could perhaps work better together than was thought.

Any new initiative had to be much more the kind which would enable the Northern Ireland politicians and parties to operate it and to work it for themselves. A solution could not be imposed on them. The aim should be much more to try to create a basic framework and the right conditions which would enable the parties and the politicians in Northern Ireland to move towards a more settled and stable future. That was where the onus rested – the parties had enormous power to block and to wreck. Mr Prior wanted to encourage them to apply their undoubted power and ability in a more positive and constructive way. At the end of the day only they could take the necessary steps.

The basis of the Government's approach should be to seek acceptance rather than agreement and to establish a framework which enabled the parties in Northern Ireland to work more together. An acceptable approach had to be sought, not necessarily one which would produce agreement all round. The politicians in Northern Ireland had to be given a greater chance to work towards this more acceptable framework, one they could develop and which stood a chance of lasting even if there were setbacks along the way. Above all, said Mr Prior, the Government had to try to restore some greater power and some greater responsibility. The many men and women in Northern Ireland politics who rejected extremism and violence had to be given much more solid ground to work on. They could never succeed while effective power and responsibility were denied to them.

The Civil List

The sums to be paid from the Civil List in 1982 to finance expenditure incurred by members of the Royal Family in carrying out their official duties have been announced.

The amounts payable from central funds to the Royal Family in the calendar years 1981 and 1982 were set out by the Treasury on 9 March (*Hansard*, Vol 19, No 73, written answers, col 380). The funds are made available under the Civil List Acts to provide for the expenses incurred by members of the Royal Family in the course of their official duties. For 1982 the Queen's Civil List is to be £3,541,300 (compared with £3,260,000 in 1981). The amounts for other members of the Royal Family for 1982 are as follows: Queen Elizabeth, the Queen Mother, £306,600; the Duke of Edinburgh, £171,000; Princess Anne, £106,500; Prince Andrew, £20,000; Prince Edward, £16,183; Princess Margaret, £104,500; Princess Alice, Duchess of

Gloucester, £42,000; the Duke of Gloucester, £83,900; the Duke of Kent, £113,000; and Princess Alexandra, £107,800. The total amount of £4,612,883 compares with the 1981 total of £4,249,273. (For the financial year 1982-83 the total amount proposed is £4,710,000, compared with £4,355,000 in 1981-82, an increase of 8·1 per cent.)

The amounts shown combine sums directly payable from the Consolidated Fund with supplements provided by the Royal Trustees, which are subject to House of Commons approval. No special provision is made for the Queen's eldest son, Prince Charles, who is entitled to the net revenues of the Duchy of Cornwall, though at present he surrenders a quarter to the nation. The Queen's youngest son, Prince Edward, reached the age of 18 in March 1982 and became eligible for a sum of £20,000 in a full financial year; however, of his allocation of £16,183 for the calendar year, he will receive only £809, the balance to be accumulated by the Royal Trustees. The sums payable in respect of the Duke of Gloucester, the Duke of Kent and Princess Alexandra (£304,700) are matched by payments made into the Consolidated Fund by the Queen.

Shorter Note

BY-ELECTION

A parliamentary by-election in the Belfast, South, constituency of Northern Ireland was held on 4 March. The Official Unionist Party retained the seat, which became vacant when its holder, the Reverend Robert Bradford, was killed by the Provisional IRA in November 1981. The Official Unionist candidate, the Reverend Martin Smyth, won by a majority of 5,397 votes. The results were as follows:

Rev M. Smyth (Official Unionist)	17,123
D. Cook (Alliance)	11,726
Rev W. McCrea (Democratic Unionist)	9,818
A. McDonnell (Social Democratic and Labour Party)	3,839

Four other candidates, who between them received 1,028 votes, all lost their deposits. Some 66 per cent of the electorate voted. The Government majority over all other parties in the House of Commons now stands at 36. (This follows the death in February of Sir Ronald Bell, the Conservative MP for Beaconsfield.)

EXTERNAL AFFAIRS AND DEFENCE

Britain's Nuclear Deterrent

Britain's future strategic nuclear deterrent will comprise four submarines equipped with the Trident II missile system. In the British Government's view no other system would provide Britain with a credible deterrent force into the year 2000 and beyond, nor would any other use of available resources contribute as much to Britain's security and the deterrent strength of the North Atlantic Alliance as a whole.

Trident II is a more powerful and accurate missile than Trident I, which Britain had originally chosen as a successor to Polaris (see pp 69-71, 1981), and is equipped to carry 14 independently targeted warheads. Each submarine will be capable of holding 16 missiles, but the Government's intention is that there will be no significant change in the number of warheads from that originally envisaged for a Trident I force. The submarines will also be fitted with the latest British pressurised water reactor, already under development, and improved sonar systems which will greatly improve their efficiency and quietness, qualities which will allow seven years between refits and three submarines to be kept operational for a high proportion of the time.

In an exchange of letters between the British and United States Governments concerning the purchase of Trident II from the United States[1] President Reagan said that 'the United States readiness to provide [the Trident] systems is a demonstration of the great importance which the United States Government attach to the maintenance by the United Kingdom of an independent deterrent capability'.

Parliamentary Statement

Announcing the Government's decision to purchase the Trident II system to the House of Commons on 11 March (*Hansard*, Vol 19, No 75, cols 975-88), the Secretary of State for Defence, Mr John Nott, emphasised that the replacement for Polaris had to provide a credible deterrent for some 30 years, from the mid-1990s to about 2020. To have continued with Trident I after the recent United States decision to replace it with Trident II earlier than had previously been anticipated, would have meant Britain having to meet the entire cost of maintaining the support facilities and of any development needed to counter improved Soviet anti-ballistic missile defences. With regard to this aspect, Mr Nott explained that Britain's experience with Polaris and the Chevaline modernisation programme had shown the operational and financial penalties involved in running and developing a uniquely British system. In the Government's view the total cost for Trident I would almost certainly have been higher than for Trident II.

Mr Nott told the House that Britain would be purchasing Trident II on more advantageous terms than had been agreed for Trident I. The additional overheads and levies would be lower – particularly the levy on research and development which would be fixed and thus protect Britain against development cost escalation – and the usual facilities charge would be waived. The United States had also agreed to establish a liaison office in London to advise British companies on how to compete on equal terms with United States industry for sub-contracts on the whole Trident programme.

The initial capital cost of Trident II, Mr Nott continued, would be some £890 million above the £5,000 million estimated for Trident I. Of this, £390 million would be for the missile system itself and £500 million for fitting the submarines with the propulsion and sonar systems. The total cost at September 1981 prices would be £7,500 million. This would represent about 3 per cent of the defence budget over 15 years or some £500 million a year out of annual defence spending of some £14,000 million. The expenditure, Mr Nott added, would be far smaller than that planned for major conventional equipment, for which, given the planned 3 per cent growth in the defence budget until 1985-86, there would be ample resources available.

Opposition Views

The Opposition spokesman on defence, Mr John Silkin, said that a Labour Government would cancel the Trident programme on the grounds that it would escalate the international arms race; that it broke the spirit if not the letter of the Non-proliferation Treaty (which Mr Nott denied); and that its effect on the country's conventional defences would 'destroy the security of these islands'. The Liberal leader, Mr David Steel, said

[1] *The British Strategic Nuclear Force*. March 1982. Texts of letters exchanged between the Prime Minister and the President of the United States and between the Secretary of State for Defence and the United States Secretary of Defense. Cmnd 8517. HMSO, £1·15. ISBN 0 10 185170 7.

that the likelihood of the programme being cancelled was very high because no party other than the Government's accepted it. Mr David Owen, speaking for the Social Democrats, said that, while some people were fully committed to the need for a NATO nuclear deterrent to which Britain had to contribute, they regretted the decision to spend £8,000 million on Trident. They would have preferred an extension of Polaris' life for as long as possible, and for consideration to be given in 1990 to the possibility of putting cruise missiles on hunter-killer submarines.

British Aid Statistics

Figures published in March show that Britain's official aid programme in 1980 was the fifth largest among the industrialised countries and represented a larger proportion of gross national product than those of the United States or Japan. Over half of it went to the world's poorest countries.

The figures, published in the annual *British Aid Statistics*,[1] reflect the British Government's commitment to maintain a substantial aid programme within the limits of its economic circumstances. They also show that the total flow of resources, public and private, from Britain to the developing countries is second only to that of the United States. Over the last few years, this flow has grown far more rapidly than that of any other industrialised country. (Britain is the world's second largest overseas investor, with just over a fifth of its overseas assets located in developing countries.)

Total Official Flows

Total official flows of British aid to developing countries in 1980 amounted to over £1,147 million gross. Of this £859 million represented public expenditure on overseas aid.[2] The relationship between these two concepts in gross and net terms is shown in the table on p 65.

The main difference between the two categories arises from the different ways of treating contributions to international aid agencies. In public expenditure on overseas aid, promissory notes to such agencies are recorded on an encashment basis; that is, only the amounts actually drawn upon by the agencies are recorded. In international reporting, however, a deposit basis is used; the deposit of the promissory note is taken to represent a flow and, therefore, the total amount is reported. This method, which was introduced in 1979 to achieve fuller comparability in reporting by aid donors, generally has the effect of increasing the value of total official flows significantly above the level of public expenditure on overseas aid. This does not mean, however, that the size of financial flows has risen, but simply that the time of reporting such flows was different. Exceptionally in 1980, public expenditure on overseas aid exceeded total official flows in net terms due to a delay in the ratification of the sixth replenishment of the International Development Association which meant that Britain did not deposit a promissory note with the Association in that year.

International Targets

Britain's aid represents part of a global effort to raise living standards in developing countries. Aid performance to this end is usually measured against one of two internationally recognised targets. The first, embodied in the Strategy for the Second United Nations Development Decade (1971-80) adopted by the UN General Assembly in 1970, calls for net flows of official development assistance to be at least 0·7 per cent of gross national product (GNP). Britain has accepted this target in principle without commitment to a target date, progress being dependent on Britain's own economy and other calls on its resources. In 1980 Britain's net official development assistance totalled £766 million or 0·34 per cent of GNP compared with £992 million in 1979 (0·51 per cent of GNP) and £763 million in 1978 (0·46 per cent of GNP). This fall was due partly to the non-payment of the promissory note to the IDA (see above). Another important factor was that drawings of bilateral aid by certain recipient countries were slow in relation to resources available. The average performance for all donor countries in membership of the Development Assistance Committee[1] in 1980 was 0·37 per cent of GNP.

The other international target calls for all flows, both private and official, to developing countries to represent at least 1 per cent of GNP. In 1980 Britain's total flows amounted to an estimated £5,501 million, or 2·43 per cent of GNP, giving Britain the joint second highest performance (with Belgium) among Development Assistance Committee members. The average performance of the Committee's members was an estimated 1·06 per cent.

Private flows, which have increased considerably since 1974 due mainly to increased foreign currency lending by banks resident for balance of payments purposes in Britain, consist mainly of long-term investment and export credits. These totalled an estimated £4,805 million in 1980, and included some £45 million in spending overseas by voluntary aid organisations.

[1]*British Aid Statistics 1976-1980*. HMSO, £11·75. ISBN 0 11 580230 4.

[2]Public expenditure on overseas aid is one of the two main British concepts for reporting aid flows, the other being the aid programme (see table on p 65). 'Total official flows' is an international reporting concept and is made up of official development assistance, defined as official flows having a grant (concessional) element of 25 per cent or more, and other official flows.

[1]The Development Assistance Committee of the Organisation for Economic Co-operation and Development is not an aid agency but a forum of consultation among 17 donor countries, together with the Commission of the European Community, on how to increase the level and effectiveness of aid flows to developing countries. The member countries are Australia, Austria, Belgium, Britain, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland and the United States.

British Aid: Relationship Between British and International Aid Concepts

£ million

	Gross	Capital repayment (amortisation)	Net
Aid Programme	834	67	767
Plus self-financed investment by the Commonwealth Development Corporation	25	6	19
Public Expenditure on Overseas Aid	859	73	786
Less encashments by IDA and Regional Development Banks	84	—	84
Plus deposits with IDA and Regional Development Banks	47	—	47
Plus additional official flows	258	328	−70
Plus debt cancellation	68	51	17
Total Official Flows	1,147	452	695
of which			
Offical Development Assistance	866	101	766
Other Official Flows	281	351	−70

Bilateral Aid

Some £604 million of gross public expenditure on overseas aid was bilateral assistance. Of this, about £223 million was provided for the technical co-operation progamme, all in grant form, the remainder being financial assistance comprising £275 million in grants, £61 million in intergovernmental loans and £45 million in investment by the Commonwealth Development Corporation.

Two-thirds of bilateral aid, £405 million, went to Commonwealth countries, including £20 million for Britain's dependencies, which remain a first charge on the aid programme. Of the remainder, £134 million was disbursed to non-Commonwealth countries and £65 million for the benefit of both Commonwealth and non-Commonwealth countries. The largest individual recipient was India (with £86 million), followed by Bangladesh (£35 million), Tanzania (£32 million), Sri Lanka (£31·5 million), Kenya (£27 million), Sudan (£22 million) and Zambia (£21 million). The share of bilateral assistance going to the very poorest countries (those with a 1978 income of less than $320 per head) was £305 million or nearly 51 per cent, while 75 per cent went to countries with a 1978 *per capital* income of $625 or less.

Aid expended on individual projects (project aid) totalled £280 million, the principal sectors supported being transport and communications (£102 million), energy (£50 million), social and community services (£38 million), manufacturing (including primary processing – £27·5 million) and renewable natural resources (£22·6 million). Non-project aid totalled £101 million, of which nearly £70 million was for import financing, £8 million for debt refinancing, £10 million for budgetary support and £9 million for food aid.

Terms of Financial Aid

In addition to inward capital repayments on previous public expenditure loans amounting to £73 million, developing countries paid Britain during the year £35 million in interest on such loans.

Both capital repayments and interest receipts are expected to fall in future as a result of Britain's decision in July 1978 to release many of the poorest developing countries from the burden of repaying past aid loans, and due to the increased emphasis on grants in recent years. Grant commitments in 1980 were £270 million. Inter-governmental loan commitments totalled £53 million, while investment commitments by the Commonwealth Development Corporation amounted to £84 million.

Overseas Service

The number of British experts working overseas has declined in recent years as nationals of the developing countries acquire the necessary skills to replace them. Some 7,610 men and women financed from public funds under bilateral arrangements and recruited in Britain served in developing countries during 1980. These included 4,840 serving under supplementation schemes (under which they are in the service of the overseas government as teachers, doctors, nurses, etc, but receive supplementary salary and other payments from the British Government); 1,670 wholly financed under regional technical co-operation and other schemes; and 1,100 as volunteers under the British Volunteer Programme. The number of such personnel recruited during the year was 1,800, of whom 360 were volunteers.

Of the British-financed personnel, including volunteers, overseas in 1980, the largest number, some 3,500 were employed in education, followed by 1,030 in planning and public administration, 1,030 in renewable natural resources, 820 in trade and industry and 660 in public utilities.

Students in Britain

During 1980 some 14,200 students and trainees from developing countries attended courses in Britain financed from public funds under technical co-operation arrangements. Of these, 9,430 came from Commonwealth countries, the greatest number from Zimbabwe (2,635) followed by India (1,050), Tanzania (757), Kenya (526) and Nigeria (515). There were also 603 students from Chile. The main fields of study were engineering, education, medicine, natural sciences, social sciences including economics, and planning and public administration. Britain financed the study of another 1,300 students in their own or other countries.

Multilateral Aid

Nearly 30 per cent of public expenditure on overseas aid, some £255 million, went to multilateral aid agencies, £201 million financial aid and £54 million as technical co-operation funds. The major recipients were the European Community (£120 million); the World Bank Group (£73 million – nearly all for the International Development Association); United Nations agencies (£39 million); and Regional Development Banks (£14·5 million).

European Community

Britain's views on reform of the European Community budget were set out by the Foreign and Commonwealth Secretary, Lord Carrington, in a speech in Hamburg in February. Relations between Britain and the Federal Republic of Germany were also discussed.

Community Budget

Noting that the Community was an association of free and sovereign states and that decisions were taken by consensus, Lord Carrington said that agreement was sometimes hard to achieve, especially when important interests were at stake. However, while the negotiations on the May 1980 mandate (see pp 182-3, 1980, and p 358, 1981) were bound to be difficult, the issues were too important for member states to fail to reach agreement: 'We must succeed in finding a way of developing the Community's non-agricultural policies in such a way as to meet the real needs of our peoples in the 1980s and beyond . . . , in adapting the Community's agricultural policy to discourage the production of wasteful surpluses and produce a leaner and more cost-effective policy . . . [and] in adjusting the financial effects of Community policies so that no member state faces a disproportionate or unfair burden.' The Federal Republic, as the only other net contributor to the budget, also had important interests at stake; the British Government understood its concerns and hoped that the Federal Republic in turn would understand Britain's.

All these things, stressed Lord Carrington, had to be done for the sake of the Community. Britain was not seeking to upset the whole basis of the Community or to have its own way as was sometimes suggested: 'We are not seeking *juste retour*, with each member state taking out what it puts in. We are happy to see a transfer of resources from some member states to others, but it would seem more reasonable that these flows should go from richer to poorer member states rather than the other way round.' Britain had nonetheless made it clear that, as a country of below average prosperity in the Community, it was prepared to remain a net contributor, though only on a very modest scale. Moreover, the Government had always accepted that the Community's resources were 'indeed its own and not just national contributions to be varied at will'. Britain wanted to see those resources spent on policies designed to benefit the maximum number of the Community's citizens.

Neither was Britain asking for a permanent system of compensation, the Foreign Secretary continued: 'The sooner a better balance of policies can be found that reduces and eventually resolves the need for financial adjustments, the happier we shall be. But this cannot happen overnight, and until it does there must be a suitable corrective arrangement.' The Community needed to solve the problem in order to provide a secure foundation for lasting progress on a broad range of policies that would benefit the Community as a whole. Britain, like the Federal Republic, was 'wholly committed' to the development of a strong and healthy Community, both for the sake of the member states and for the contribution the Community was called upon to make to the safer and more prosperous Europe that all member states wanted to see.

Lord Carrington stressed the need not to forget the wider Europe outside the ten member states. The Council of Europe, for example, performed a valuable role in bringing together all the free democracies of the continent. Referring to events in Poland, he expressed the hope that Europe would outlive the cruel and artificial structures which now divided it. While member states were wrestling with European construction in Brussels and seeing only its faults and weaknesses, they should remember the ideal which brought the Community to birth.

Relations with the Federal Republic

The Foreign Secretary described relations between Britain and the Federal Republic of Germany as excellent and doubted whether they had been closer or warmer or more important. Both countries were linked more closely than ever before through their membership of the Community and of the North Atlantic Treaty Organisation (NATO). It was an immense comfort for Britain to know that its destinies were linked to so powerful a friend, and he hoped that the Federal Republic

would feel that British experience and traditions had a steadying and moderating influence of benefit to Germany. Lord Carrington noted that the Federal Republic's economic power was now matched by growing political activity and influence, and the latter, exerted entirely in the interests of the West, was a most welcome development. The Federal Republic was one of the five states [including Britain] working together in the United Nations to try to find a way of bringing Namibia to independence. It was also the backbone of European security; without its resources and strength of will, NATO would be powerless to defend Europe. At the same time the Federal Republic spoke with authority on East-West relations and was also aware of the importance of the United States' commitment to Europe embodied in the North Atlantic Alliance.

Poland

Britain's opposition to the imposition of martial law in Poland and the suppression of the Polish independent trade union, Solidarity, has been reaffirmed at the Madrid review meeting of the Conference on Security and Co-operation in Europe. Details of British economic and humanitarian assistance to Poland were given to the House of Commons Foreign Affairs Committee in January.

LORD CARRINGTON'S MADRID SPEECH

Addressing the Madrid meeting on 12 February, the Foreign and Commonwealth Secretary, Lord Carrington, said that in the earlier stages of the meeting Britain had, when referring to events in Poland after August 1980, confined itself to warnings against any outside intervention contrary to the principles of the Helsinki Final Act (see pp 351-5, 1980). While maintaining the view that the problems of Poland were for the Polish people alone to resolve, Britain had watched with sympathy the movement for national renewal and reform which had been led by the workers of Poland and which clearly had had the overwhelming support of the people. Such internal change was provided for in the principles of the Final Act, which had spoken of the right of all peoples 'in full freedom, to determine, when and as they wish, their internal and external political status without external interference and to pursue as they wish their political, economic, social and cultural development'. One of the earliest requests of the Solidarity movement had been for the fresh dissemination of the Final Act's text.

Britain, continued Lord Carrington, was now obliged to speak with great concern about internal events in Poland in the past two months, notably 'the imposition of martial law; the use of force to impose the will of the regime on Polish workers; the internment of thousands of people who had been involved in the movement for national renewal and reform; harsh prison sentences; and even deaths resulting from the violence used by the security forces' (see pp 7-12). The imposition of martial law in any country was regrettable but would not necessarily deserve condemnation 'if such a state of emergency had arisen that law and order could not be maintained by any other means'. In Poland, however, the violence and deaths were not the cause but the consequence of martial law which had been used as a cover to suppress opposition while a process was launched 'to deprive the Polish workers and the Polish people as a whole of human rights and fundamental freedoms which, since August 1980, they had been gaining, particularly in the field of trade unions'.

Although it was normal for the imposition of martial law to be accompanied by assurances about its temporary nature and the intention of the authorities to restore civil liberties and carry on reforms, such assurances in Poland could not be taken at face value, for the repression of civil and political liberties was 'clearly incompatible' with the seventh principle of the Final Act on respect for human rights and freedoms and with Poland's legal obligations under other international instruments. One of the main elements of the foundation laid at Helsinki was 'the ideal of greater openness throughout Europe as the essential long-term basis for full understanding and co-operation'. The Final Act had been based 'on respect for the free development of the peoples of Europe in all their diversity and recognition of the possibility of change not only in relations between states but within societies themselves'. The signatories had also committed themselves to promote and encourage the effective exercise of civil, political, economic, social, cultural and other rights and freedoms.

Noting that the December events were above all a tragedy for the Polish people, the Foreign Secretary said that there were two important political conclusions to be drawn: 'The first is that we have seen demonstrated once again the moral bankruptcy of totalitarian systems whose rulers refuse to adapt themselves to change and thereby to ensure the consent of their people. The second . . . is that the events in Poland have for the moment dashed the hopes not only of the people of Poland but of all the peoples of Europe who regarded the Final Act as the symbol of a process of peaceful change in the direction of greater openness, tolerance and humanity.'

Britain, Lord Carrington continued, was not seeking to intervene in Polish internal affairs for it believed that 'the problems of Poland should be solved peacefully by the Polish people, in the spirit of compromise, without outside interference, so that the process of reform and renewal [could] continue'. There was, however, a well-established principle in international relations that when states jointly accepted certain commitments, as under the Helsinki Final Act, they had 'every right to ask for these commitments to be fulfilled' and the exercise of that right could not be regarded as intervention in internal affairs. A state which showed disrespect for its commitments to other participating states under the Final Act could not expect to enjoy the undiluted benefits of co-

operation with those other states. This was why Britain had placed in abeyance the consideration of future commercial credits for Poland though it was still continuing and even increasing the flow of humanitarian aid to the Polish people.

Lord Carrington urged the Polish authorities to think again: 'The process of renewal provided hope and inspiration not only for the Polish people but for all those who believe in freedom and the right to self-determination. That is why friends in the West felt able to respond generously to the Polish Government's requests for help. Even now it is not too late. We believe that the Polish people wish to return to the path of renewal and reform. If the Polish authorities are prepared to permit this, we in the West . . . will respond. The ties of friendship which have regrettably been broken can be mended and [Britain] and other concerned states would again be ready to examine possible ways of providing practical assistance to the Polish people as they embark once more upon the process of renewal.'

Britain and its allies, noted Lord Carrington, had not been among those failing to respect the Final Act's first principle, namely the right for each state freely to choose and develop its political, social, economic and cultural systems. They had neither the wish nor any ability to dictate the internal course of Poland and wanted human rights and fundamental freedoms to be respected.

The Soviet Union's Record

Turning to the role of the Soviet Union, Lord Carrington said that its record contrasted strongly with Britain's restraint and respect for Polish sovereignty. Since August 1980 the Soviet Union had been responsible for 'a sustained campaign of public and private pressure on the Polish authorities with the object of securing the suppression of the popular movement which [had] emerged in Poland to protest against defects of the Communist system, and to demand reform'. This campaign had been backed at various times by threatening military activity 'contrary . . . to the second Helsinki principle on refraining from the threat or use of force'. There was also 'evidence of involvement by the Soviet Union in the secret preparations of the Polish authorities for the imposition of martial law and the suppression by force of the Solidarity movement'. Finally, in order to prevent news and comment from Britain reaching the Polish people, the Soviet Union was continuing to use transmitters at places like Smolensk and Kaliningrad to jam the reception in Poland of the British Broadcasting Corporation's Polish language broadcasts.

The Soviet Union had no right either under international law or the principles of the Final Act to determine Poland's political and social development. Britain recognised and respected the alliance of Poland with the Soviet Union, for it was not a British aim 'to infringe upon Polish sovereign rights by attempting to challenge that alliance'. Under the sixth principle of the Final Act the Soviet Union, in common with the other signatories, had committed itself to 'refrain from any intervention, direct or indirect, individual or collective, in the internal or external affairs falling within the domestic jurisdiction of another participating state, regardless of their mutual relations'. No consideration could therefore be invoked to justify the degree of Soviet intervention in Polish affairs that had been seen, and Lord Carrington called upon the Soviet Union 'to desist from the direct and indirect pressure which it [had] been exerting in order to frustrate the clear desire of the Polish people for national renewal and for reform'.

The Helsinki Principles

Noting that the Madrid meeting had been designed to restore a secure political foundation for the peaceful and co-operative management of East-West relations and the inevitable processes of change during the 1980s, Lord Carrington said that the Final Act had been based on respect for international law, restraint in the pursuit of national interests, and the ideal of greater openness. Britain wanted to reverse the trend towards confrontation caused largely by the Soviet Union's readiness to use force, or the threat of force, in its relations with other states, and by its rejection in practice of other Helsinki commitments that had not suited it. Britain had hoped that the united voice of the great majority of participating states would have produced 'sufficient change for the better in important fields to restore the damaged basis for understanding and co-operation'. This faith in the value of the Helsinki process and participation in the Madrid meeting stood 'in sharp contrast to the background of no change for the better in the actions of certain governments'. The Soviet Union's occupation of Afghanistan, its systematic repression of Soviet citizens raising their voice for human rights and the events in Poland ensured that the moment of truth could no longer be evaded: 'The health not just of the [Helsinki] process but also of East-West relations in Europe depends on closing the gap, which today is all too obvious to our peoples, between the words of the Final Act and the deeds of certain governments; between the lip service which those governments pay to the Final Act and the reality of their conduct; between all the discussions in this . . . forum and the lack of visible progress towards greater respect of the Final Act in practice. The Final Act will be seen as a dead letter, and East-West relations will continue to suffer, unless the principles . . . laid down at Helsinki are seen to have a real influence, in the real world, on the conduct of governments both towards each other and towards their citizens.'

Britain had signed the Final Act in the hope that it would be a practical guide to a better life for the people of the European continent. The British Government was appealing for the Final Act to be treated as such a guide in Poland, both for the sake of the Polish people and for the Helsinki process. The value of the Conference on Security and Co-operation in Europe would be lost unless evidence was soon provided that the Helsinki principles would be respected in practice by every participating state.

POLISH INTERNEES

On 3 March the Polish authorities announced that people interned in Poland could apply to emigrate with their families. On the next day the Foreign and Commonwealth Office pointed out that Britain would only consider applications for resettlement from Polish citizens genuinely wishing to leave Poland. The British Government condemned any attempt to exert pressure on detainees to leave the country against their will, and had no intention of becoming an accomplice of the Polish authorities in resolving their internal problems in this way. On 8 March the Polish Government said that, while internees would be allowed to leave, no-one would be compelled to do so.

ECONOMIC AND FINANCIAL ASSISTANCE

In a memorandum to the House of Commons Foreign Affairs Committee, *Poland: Economic and Financial Assistance*,[1] the Foreign and Commonwealth Office says that Poland's hard currency debt at the start of 1981 was over $23,000 million, with debt service obligations (amortisation plus interest) amounting to $6,400 million for 1981. This sum was beyond Poland's capacity to pay since export earnings, mainly as a result of supply problems in Poland rather than of recession in the West, were probably less than $7,200 million and imports were expected to reach $7,600 million. It became apparent early in 1981 that Poland would be forced to seek debt rescheduling since the collapse of banking confidence in Poland meant that 'the country could no longer raise substantial new loans from Western commercial banks in order to roll over debts as they fell due'. In 1980, for example, a $500-million syndicated credit had been substantially undersubscribed by Western commercial banks.

British Policy

The British Government's policy regarding debt rescheduling has been based on the following aims:

1 to promote an orderly solution to Poland's debt problems in order to allow the economy to return in the long run to a sustainable level which would permit debts to be repaid;

2 to ensure that the debt rescheduling was a multilateral rather than a bilateral operation;

3 to ensure that the same terms applied to all the major Western official creditors;

4 to obtain a commitment from the Polish Government to seek comparable treatment from other public and private external creditors;

5 to obtain a Polish Government commitment to meet balance of payments targets included in its three-year stabilisation programme;

6 to secure adequate data from the Polish Government to enable Western creditors to monitor the Polish economy's performance against these targets;

7 to include in the rescheduling agreement a *force majeure* clause enabling creditors to suspend the rescheduling agreement in the event of 'exceptional circumstances'.

[1]*Poland.* Minutes of Evidence. Tuesday 19 February 1982. HMSO, £2·50.

Western Official Creditors

In April 1981 Poland and the 15 major creditors signed an Agreed Minute under which the latter 'undertook to negotiate bilateral arrangements for the rescheduling of 90 per cent of principal and interest falling due after 1 May 1981 on medium- and long-term officially guaranteed debts'. Payments due were to be rescheduled over eight years 'including a four-year grace period during which payments [were] limited to interest on the rescheduled sums together with the 10 per cent unrescheduled debts'. The Polish Government undertook to seek comparable terms from other creditor countries and from its private external creditors (that is, private banks). The agreement also made provision for the creation of a joint commission to review the progress of the economic stabilisation programme, and the creditors undertook to consider Poland's debt service payments for 1982 and 1983. The memorandum says that 'the Agreed Minute also contained a clause providing that any country might suspend its bilateral implementation agreement without notice in the case of "exceptional circumstances" '. It was the understanding of both sides that this clause referred to 'the possible use of force against the people of Poland'. The agreement reduced Poland's debt service payments to official creditors by $2,400 million in 1981 ($1,900 million of principal and $500 million of interest). In accordance with the Agreed Minute Britain concluded a bilateral agreement with Poland in July 1981 committing the British Government to reschedule £75 million (about $145 million) of loans guaranteed by the Export Credits Guarantee Department.

Western official creditors also promised to consider a repetition of the 1981 rescheduling operation for 1982. The British Government, the memorandum points out, was prepared, subject to the agreement of its European Community partners and the other members of the Western Creditors Group, to consider rescheduling Poland's officially guaranteed debt repayments in 1982 on a similar basis to 1981. Such a rescheduling by the Group would have reduced Poland's debt service in 1982 by about $2,100 million. Although negotiations began in November 1981, the declaration of martial law created a new situation since it could be interpreted as meeting the 'exceptional circumstances' of the 1981 agreement. No creditor, however, invoked the clause and implementation of the 1981 agreement is now complete. Because of martial law, negotiations about debt rescheduling in 1982 have been suspended.

Commercial Banks

In September 1981 representatives of 460 Western commercial banks and the Polish Government initialled a debt rescheduling agreement under which 95 per cent of the principal ($2,300 million) due to be paid from April to December 1981 would be rescheduled over seven years, including four years' grace, with the remaining 5 per cent

to be paid in 1982. No interest was rescheduled and the Western banking representatives stipulated that arrears of interest had to be eliminated before the banks would sign and activate the agreement; by the end of 1981 some $350 million of interest arrears were still outstanding and the agreement has therefore not been signed.

New Credit

The memorandum says that, in addition to seeking rescheduling of their debt repayments, the Polish Government requested Western governments and banks to continue to provide commercial credits. It is unusual for creditors to continue to lend money once debt rescheduling has been requested, and Poland has been unable to raise further unguaranteed loans from Western banks already concerned at the non-payment of interest on outstanding debts. Because Polish exports were insufficient to finance both unrescheduled debt repayments and essential import requirements, Poland had a residual financing gap of $5,900 million in 1981. In view of these special circumstances official creditors continued to provide official guaranteed credits to a total of $4,000 million in 1981. More than half the credit disbursed was credit committed but not drawn upon before 1981, and new commitments in 1981 exceeded $1,500 million. In addition to debt rescheduling Britain provided £65 million of new medium-term credits and throughout 1981 up to £10 million of short-term credit on a revolving basis; these credits were used to finance exports of foodstuffs and animal feed, industrial goods, and medical supplies.

Referring to 1982 the memorandum says that Poland would require, even if it succeeded in obtaining rescheduling of both officially guaranteed and unguaranteed debts on similar terms to 1981, some $4,500 million to meet residual hard currency debt service obligations. Even on a favourable assumption concerning export earnings, Poland's financing requirement was estimated at more than $3,500 million in 1982. Martial law was declared when Western creditors were considering their position on the question of new credits for 1982.

In January, member Governments of the North Atlantic Treaty Organisation (NATO) decided that future commercial credits for goods other than food would be placed in abeyance (see p 11). Britain has made it clear to the Polish Government that there can be no normal economic relationship between the two countries unless martial law is lifted, detainees freed and a dialogue resumed with Solidarity and the Church (see p 43).

Food Supplies

Since December 1980 Britain and its European Community partners have supplied food and agricultural products to Poland to help alleviate serious food shortages (see p 328, 1981). Food from Community stocks was supplied with an average 15 per cent discount, the cost being borne by the Community budget, and individual member states made available the credit necessary to finance the purchase of the products. In August 1981 the European Community Council of Ministers made it possible for member states to deliver to Poland, free of charge, fruit and vegetables withdrawn from the Community market in accordance with the Common Agricultural Policy. In November 1981 the Council agreed, in response to a proposal from the European Parliament, that an additional sum of £5·8 million should be made available to assist with the supply of Community food to Poland; this was used to provide 8,000 tonnes of beef to Poland as a gift. All this assistance was intended to help the Poles while they grappled with their economic and political difficulties.

The memorandum says that the imposition of martial law required British policy to adapt to the new circumstances. In January Community foreign ministers agreed to examine the question of further food aid as the situation developed. Both Community and NATO foreign ministers have expressed willingness to continue direct humanitarian aid, and Britain strongly supports such aid to the Polish people channelled through voluntary organisations so that it reaches the people for whom it is intended. [In February the Council of Ministers agreed to allocate funds to non-governmental organisations giving guarantees that aid to Poland would be distributed effectively to the needy. The aid will be for food products and essentials such as medical equipment.]

Medical Supplies

Aware of the serious shortages of medicine and medical goods in Poland, Britain has made credits available for the purchase of such goods: in 1981, of the £65 million credits allocated to Poland, about £1·5 million were used for purchasing medical supplies. Britain is also supporting the work of voluntary and church agencies in their efforts to supply medicine to Poland and is contributing to the general co-ordination of these efforts in order to ensure that the most urgently needed supplies reach the proper destinations.

Central America

British support for Central American states that have achieved democracy and for the efforts by others to move in that direction has been expressed in a House of Commons debate. In the belief that in El Salvador a political settlement is the only way to achieve a just and lasting end to the fighting, the Government is to send two observers to see whether the elections there will further that aim.

Following the debate (on 2 March, *Hansard*, Vol 19, No 68, cols 204-49), MPs agreed to a resolution indicating concern about the situation in parts of Central America, endorsing the Government's efforts to encourage democracy and stability in the region, welcoming the steps being taken by the Government and the House to inform themselves about developments, and supporting

the Government's intention to help to achieve an end to the fighting in El Salvador.

The debate was occasioned by an Opposition motion deploring the Government's decision to send observers to El Salvador's elections and calling on the Government to support a proposal for a negotiated settlement of the civil war. The chief Official Opposition spokesman on foreign and Commonwealth affairs, Mr Denis Healey, was critical of United States policy and believed that Britain should be co-ordinating its own policy towards Central America with its friends in Europe, with Canada and with Mexico. The motion had been put down because of the Government's 'failure to tell the Americans what they really think about what is happening in Central America'. The motion, which had Social Democratic Party and Liberal Party support, was defeated by 300 votes to 249.

LORD PRIVY SEAL'S SPEECH

In his speech during the course of the debate the Lord Privy Seal, Mr Humphrey Atkins, reminded the House that democracy and stability flourished in some parts of the region. The policy of successive British governments had been to encourage the growth of democracy and to support the institutions of fair and impartial justice wherever they could. In Belize for more than 200 years Britain had worked to develop democratic and judicial institutions, and when finally in 1981 it had been able to grant independence (see p 215, 1981) the institutions it left had been well founded.

In Costa Rica, too, a country with which Britain had traditionally had good relations, democratic traditions were deep and had recently been confirmed by the successful holding of national elections. Britain looked forward to developing contacts with the new administration of President Monge.

In Honduras, the elections of November 1981 had led to the installation of the new president and the ending of military rule. Britain welcomed this and would do whatever it could to support the country in its struggle with severe economic difficulties, and with the danger of conflicts spilling over from its neighbours, Nicaragua, Guatemala and El Salvador.

However, the Government had been shocked and appalled by the reports of brutality and suffering in Guatemala and El Salvador, and forcefully condemned those responsible for acts of brutality no matter which side of the conflict they might be on. When security forces responsible to their governments had committed these violations of human rights, Britain had called on the governments to bring them under control and ensure that those guilty of atrocities, whoever they were, were brought to justice.

The violence in El Salvador had produced large numbers of refugees and displaced persons, and Britain had contributed to the efforts of the International Red Cross and the United Nations High Commissioner for Refugess [providing £100,000 to each] both directly and through the European Community.

The misery in these countries and the discontent caused by a long history of inequality had, Mr Atkins continued, been ruthlessly exploited by Cuba with the backing of the Soviet Union. Violent revolutionaries had been supported by Cuba. They had been trained in camps in Cuba, and Cuban advice was behind much of their activity. The Cubans had launched an extensive propaganda campaign on their behalf. Such activities were completely unacceptable, and Britain called on Cuba to cease all forms of interference. 'A country that has as unimpressive a record as Cuba, in which all the unattractive features of totalitarianism are present in good measure, to such a degree that large numbers of the population are ready to risk their lives and livelihoods merely to escape, has no business to export its political doctrines or its recipes for economic disaster.'

Britain believed, said Mr Atkins, that any solution to the conflicts in Central America had to be political, not military. It warmly welcomed as a positive step President Reagan's recent initiative for the economic development of the region as a whole,[1] and hoped that trade and private investment would be encouraged by the proposed measures. If some of the poverty, some of the inequalities and some of the economic difficulties of the countries could be tackled, stable governments, justice and democracy would have a better future.

El Salvador

Turning to recent events in El Salvador, the Lord Privy Seal spoke of the history of unrelieved violence and cruelty, 'dominated by a few families who have abused their wealth and privileges and have ruled by military force'. The military had frustrated the people's choice following the 1972 presidential election won by Mr Napoleon Duarte running as a Christian Democrat, and had imprisoned, tortured and forced him into exile. Further military governments had followed, but at the end of 1980 Mr Duarte had been installed as president.

President Duarte's belief in the democratic process was not in doubt, said Mr Atkins, and from the moment he took office he had made clear his intention that elections should take place. It was by elections that his position or that of some other president could be legitimised. He was committed to a wide programme of land, economic and fiscal reforms. But his position as civilian president was difficult because he was opposed by both Left and Right wings. Right-wing death squads and elements of the security forces and the army had been responsible for terrible atrocities, and in his formidable task of trying to bring them under control the President, Mr Atkins said, deserved all support.

On the other side the FMLN[2] guerrilla organisation, a coalition of five terrorist groups with Cuban assistance and advice, had been responsible for the murder of ministers, the terrorising of rural

[1]Addressing the Organisation of American States on 24 February, the President announced a programme involving free trade, investment incentives and aid to help Central American and Caribbean countries.

[2]Farabundo Marti Front for National Liberation.

areas and countless atrocities, including the kidnap for ransom of two British businessmen. The hard-core guerrillas were estimated to number some 5,000 out of a total population of more than 4 million.

The Elections

Faced with these intractable problems, President Duarte had called for elections to a constituent assembly on 28 March, and had invited all parties to register and participate. The parties of the Left had declined to do so on the grounds that, if they did, their lives would be at risk. Mr Atkins did not believe that theirs were the only lives at risk – others were standing for election. It was clear that the conditions for elections would be much less than perfect.

The British Government did not join with those who would discredit the elections even before they had taken place. The democratic path had to be tried. On 28 February the Pope had associated himself with a declaration by the Episcopal Conference of El Salvador, which represents all Roman Catholic bishops in the country, supporting the election and urging Catholics to vote. Britain's partners in the Western Alliance all agreed that a political solution to the conflict had to be found.

President Duarte had invited observers to witness the election campaign and the election itself, and the British Government had decided to send two observers, subject to being satisfied about their security, Mr Atkins continued. 'We want to see a political solution to the conflict in El Salvador. Democratic elections must be part of such a solution. We will not join those who prejudge the issue. Our gesture in sending observers is an entirely neutral act and is in no way a gesture of support for any of the political parties fighting the election .... we want first-hand information about the situation .... The House [of Commons] itself has shown an interest in being better informed about developments in the region .... the Select Committee on Foreign Affairs is in Mexico and will be in El Salvador in ten days' time to see and find out for itself.' The decision to send the observers had not been easy: some countries had accepted the invitation, including those of the Organisation of American States[1]; some had not.

The two independent British observers would be: Professor Derek Bowett, QC, a renowned international lawyer and President of Queen's College, Cambridge, and Sir John Galsworthy, a former ambassador in Mexico City. It was envisaged that they would be in El Salvador for about two weeks to cover the election campaign, polling day, and the immediate aftermath. They would be completely free to report without restriction on the circumstances in which they were allowed to observe the elections; they would be asked to report on the conduct of the elections, including the campaigning of candidates, polling and vote counting; and they would form a judgment as to whether the elections constituted a valid test of public opinion. On return their report to the Foreign and Commonwealth Secretary would be published and made available to Parliament.

Turning to the initiative by the President of Mexico for a negotiated settlement of the fighting, Mr Atkins said that the Government shared his desire to find the best way forward, 'but the ideas that we have heard from him so far are in general terms and a great deal remains to be elaborated. No doubt he will do that, but in the meantime his ideas have not received acceptance in El Salvador and the elections are going ahead .... Therefore, it seems to us that, although his ideas are well worth studying, and when we have obtained and studied the details we may well wish to support what he is doing, at the moment this has no bearing on our decision to send observers to the elections.'

[1]Later in the debate, Mr Richard Luce, Minister of State at the Foreign and Commonwealth Office, noted that the Organisation of American States had decided to send observers, supported by Venezuela, Honduras, Costa Rica, Colombia, Panama and Ecuador, 'all of which are democratic countries'.

The Canada Bill

The Canada Bill now before the British Parliament envisages the final transfer to Canada of the right to amend its own constitution and would provide Canada with a new Constitution Act. It arises out of a request by the Canadian Federal Government and Parliament which would bring to an end what is generally agreed to be an anomalous constitutional relationship between the two countries and pass residual constitutional responsibilities to Canada.

The Bill received a second reading in the House of Commons on 17 February by 334 votes to 44 (*Hansard*, Vol 18, No 59, cols 292-373). Outlining its provisions, the Lord Privy Seal, Mr Humphrey Atkins, spoke of the anachronism, totally out of keeping with Canada's position in the world, that Canada should have to come to Britain on matters affecting its constitution. The Canadian Government had sought tirelessly to find an acceptable solution to the question, and had succeeded where its predecessors over 50 years had failed.

Background[1]

Canada has in every real sense been independent for a very long time. Its independence was given formal recognition by the Statute of Westminster in 1931, but at that time Canadians were unable to agree on a formula for the future amendment of their constitution.[2] For this reason, under the Statute, the power of amendment was retained, at Canadian request, by the British Parliament. The Statute also laid down that, in accordance with the already established constitutional convention, no law made by the British Parliament

[1]Drawn from the Lord Privy Seal's speech.

[2]The basic Canadian constitutional instrument is the British North America Act 1867. The Act conferred on Canada Dominion status, established a federal system of government, and set out the powers of the Federal Parliament and the provincial legislatures. It was an Act of the British Parliament and has been amended from time to time.

should extend to Canada other than 'at the request and with the consent of' Canada.

The effect of the Statute of Westminster has been that the *status quo* on amendment of the Canadian constitution was retained until agreement could be reached in Canada on methods of constitutional amendment. The long search for a solution has culminated in the new Bill.

The request for the Bill, an Address from the Canadian Parliament to the Queen, has three elements: the amendment of the Canadian constitution by the provision of a charter of rights and freedoms; the conferral on the Canadian Parliament of full power to amend the constitution under an agreed formula; and the ending of the power of the British Parliament to legislate for Canada. The Bill and the Constitution Act (which forms a schedule to the Bill) were drafted and passed by the Canadian Parliament in both English and French, and, when passed by the British Parliament, will have the force of law in Canada in the same way as Acts of the Federal Parliament.

When the Canadian Parliament first put forward its constitutional proposals in Canada, towards the end of 1980, they were opposed by eight of the country's ten provinces. In September 1981 the Supreme Court of Canada decided, by a seven-to-two majority, that there was no impediment in law to the making of a request for constitutional amendment by the Federal Parliament without provincial concurrence. Equally, however, the Court concluded, by a six-to-three majority, that for any such constitutional amendment affecting federal/provincial relationships there was a constitutional convention requiring a substantial measure of provincial consent.

Following the Court's judgment, the Canadian Government embarked on a further effort to seek an agreement with the provinces, and in November 1981 a revised package of proposals acceptable to nine of the ten provinces was announced. Quebec alone was not party to the agreement.

The Constitution Act and the Charter of Rights and Freedoms

The charter of rights contained in the Bill has been controversial in Canada, and is still contested by Quebec and by some of Canada's indigenous peoples. During the Bill's second reading the Lord Privy Seal spoke about both.

It was of course a matter of regret, he said, that the present proposals do not have the unanimous support of the Canadian provinces, but the Supreme Court of Canada had considered that the consent of all the provinces was not required, by law or by convention, to the making of the request, and the assent of nine out of the ten constituted the substantial measure of provincial consent to which the Court had referred. 'We would all wish that outstanding disagreements could be resolved, but the Government believe that this is a matter for the people, the provinces and the Parliament of Canada to decide. We do not believe that the existence of the disagreement provides grounds for declining to act, as we have always acted, upon the request of the Canadian Parliament.'

Somewhat similar considerations applied to the indigenous populations of Canada, Mr Atkins continued. Their existing rights were specifically recognised in the Constitution Act contained in the Bill, but a number of them had made it known in Canada and in Britain that they were dissatisfied and opposed the Bill's passage without additional safeguards. Some of the Indian groups had referred to their ancient treaties with the Crown, and maintained that there were United Kingdom obligations arising from these which persisted to the present day. Three groups had instituted proceedings in British courts.

The Lord Privy Seal recognised that some MPs would wish Parliament to delay consideration of the Bill until the proceedings were over but a delay pending litigation might last a long time. It had consistently been the Government's view that any treaty or other obligations which still subsisted became the Canadian Government's responsibility with the attainment of independence, at the latest with the Statute of Westminster 1931. It was to the Canadian Government that the Indians had to look for the solution of problems. The House of Commons Foreign Affairs Committee had agreed with this view,[1] and the Court of Appeal had recently come to the same conclusion.[2] In these circumstances the Government did not believe that there was a justification for waiting any longer before acting on the Canadian Parliament's request.

The chief Official Opposition spokesman on foreign and Commonwealth affairs, Mr Denis Healey, regretted Quebec's position and expressed concern about the position of Canada's aboriginal peoples, but he believed that the Bill should be passed as it stood.

Communication Resources and the Free Flow of Information

Britain has reaffirmed its support for efforts aimed at improving communication systems in the developing world. Aid for this, it believes, should be channelled through existing multilateral and bilateral aid programmes rather than through a separate fund operated by UNESCO's International Programme for the Development of Communication.

The British Government's views were set out by Mr Douglas Hurd, Minister of State at the Foreign and Commonwealth Office, in London on 8 March. Mr Hurd was attending a Commonwealth Day meeting organised by the Royal Commonwealth Society and the Commonwealth Press Union.

Background

Originally conceived by an intergovernmental conference held under UNESCO auspices in Paris in

[1] *Third Report on the British North American Acts: the Role of Parliament*. HMSO, £2·45. ISBN 0 10 212882 0.

[2] R v Secretary of State for Foreign and Commonwealth Affairs, *ex parte* Indian Association of Alberta and Another (*The Times* law report, 29.1.82).

April 1980, the establishment of the International Programme for the Development of Communication was approved by consensus at the twenty-first general conference of UNESCO in October 1980 (see pp 317-21, 1980). A 35-nation Inter-Government Council has been established to administer the Programme, and this has met twice – in Paris in June 1981 and in Acapulco, Mexico, in January 1982 – to consider the Programme's objectives and finance (its initial costs are being met by an allocation from UNESCO's regular budget for 1981-83).

A number of developing and other countries, particularly those who support the establishment of a New World Information and Communication Order (see p 318, 1980), have proposed the establishment of a separate account of the Programme to act as an international fund for communication development. At the Inter-Government Council's meeting in January 1982, a number of countries made pledges or promises of support to a special account. This, however, represented only a small fraction of the value of the projects for which help was requested (some $3 million as compared with some $80 million respectively). The industrialised countries have generally opposed the establishment of a separate account in favour of providing funds for specific projects.

Britain supported the establishment of the Programme, which it hoped would act as a clearing house to assess communication needs, to seek assistance for communication projects, and to advise on their relative priority. It also envisaged that it would operate as a positive element for communication development within the existing channels of multilateral, bilateral, public and private finance. Like other developed countries, therefore, it has opposed the creation of a separate international fund, and does not plan to contribute to a special account, preferring that support be provided on an individual project basis, being made available as and when projects are identified.

MINISTER'S SPEECH

Mr Hurd expressed Britain's disappointment that the Programme had 'shown itself to be little more than yet another international body whose appetite for funds [was] far greater than its willingness to work out a clear and sensible role for itself'. There was a vast gulf between the claims which had been made on the Programme's financial resources and the 'very modest sums' pledged by a number of nations, and this had led to accusations that the West had fallen down on its obligations.

What was needed, Mr Hurd stated, was a means of working out what developing countries needed in the field of communication, and how these various needs should rank in order. This was the gap which Britain had expected the Programme to fill. Britain had never contemplated it as a new international fund, experience having shown that the proliferation of such funds within the United Nations system had not resulted in any significant increase in the resources available. The amount which the industrialised nations were prepared to provide in aid was finite and an increased number of funds, whatever their development role, would merely mean that the 'available cake' would be cut up into thinner slices. There were already multilateral funds which could be used to meet specialised needs, and some of them, like the United Nations Development Programme and the World Bank Group, were already actively involved in the communication sector. Britain would prefer communication development to be supported from these existing resources, to which it contributed substantially,[1] rather than from a special account of the Programme. Mr Hurd also pointed out that if, as a result of the Programme and related activities, there were a greater recognition of the need to pay more attention to the communication field, communication needs could be expected to feature more prominently in future requests for assistance from bilateral or existing multilateral programmes.

British Aid

In its aid programme, Mr Hurd said, Britain had not been inactive in the communication field, over £30 million having been provided in bilateral aid over the last four years in addition to the provision of some 630 training places in Britain for overseas trainees. A large proportion of the aid had been spent on the Indian Ocean submarine cable project which, linking India and Malaysia and the countries bordering the Pacific, closed one of the last gaps in the global telecommunication cable network. Britain's policy was clear, Mr Hurd continued. Though available funds were limited, especially during an economic recession, Britain was always prepared to consider supporting communication projects provided that these were accorded a high priority by the recipient countries. This had to be a matter of their own judgment, weighing the relative merits of their communication needs against their other requirements.

The Political Environment

Noting that there was a rapidly growing audience for news and information in the developing world, Mr Hurd commented that the ability of the media to serve this market depended upon the resources available. This communication gap was one of the practical problems of development, but its solution required more than simply equipment and professional expertise. A favourable political environment had also to exist if communications in their widest and freest sense were to be established. The Commonwealth Committee on Communication and the Media had recognised this when it said in its report[2]: 'For the media to have credibility with their reading, listening or viewing publics, they must report events as they are, not

[1]Britain is the second largest subscriber to the World Bank Group of institutions, and its subscription to the sixth replenishment (covering the years 1980 to 1983) of the International Development Association, the Group's concessionary loan agency, is £555 million. Britain has always been one of the ten largest contributors to the UN Development Programme, its 1982 contribution totalling £18·5 million.

[2]*Communication, Society and Development*. Report of the Commonwealth Committee on Communication and the Media. Available free from the Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y 5HX.

necessarily as governments wish them to be reported.'

Unfortunately, many governments could not accept the degree of media freedom which this statement implied, Mr Hurd continued. They felt entitled to regulate media operations, influence the presentation of events and suppress criticism, thus curtailing the freedom of expression of the individual editor or journalist and denying their people access to a diversity of opinions. Moreover, besides dominating the media in their countries, there were some governments who wanted to draw a veil around themselves internationally. Such was their concern with the image of their own nation (that is, of themselves, the governments) in the world community that they argued for the establishment of some form of international corrective mechanism. They talked of the need for a 'decolonisation' of the media and thought that this would be achieved by tampering with the international flow of news, which was largely determined at present by the forces of supply and demand. The work of the major international news agencies in keeping the world informed of events was regarded with suspicion. Their historical position of strength and the scale of resources at their command were resented and interpreted as a sinister means of suppressing adequate coverage of Third World affairs. All of these elements provided the motivation behind the demands for a so-called 'New World Information and Communication Order' which had generated so much heat at UNESCO in recent years.

These accusations should not go unanswered, Mr Hurd continued. It was the duty of those governments who understood the nature of the risks involved to speak out. The British Government had not shirked this responsibility, but those who worked in the media, those professionals who ultimately had the most to lose, had also to be prepared to defend themselves.

The example of Poland, a country with a developed communication infrastructure, served 'as a chilling reminder of the dangers of government intervention' (see pp 7-12). One of the first actions taken by the military authorities had been to restrict communication channels: censorship; the jamming of radio broadcasts; limits on the movement of foreign correspondents; and the cutting of telephone and telex links. However, Mr Hurd added, government controls on communication and the media were often illusory since the people would always find alternative ways of keeping themselves informed, whether by word-of-mouth or by the underground press. 'The simple fact is that public opinion exists independently of the government line. The more nations which acknowledge this, the better we shall be able to work constructively to tackle current problems.'

The MacBride Report

Referring to the MacBride Report on world communication problems, which had been discussed at the 1980 UNESCO meeting (see p 318, 1980), Mr Hurd reaffirmed Britain's view that this had been less than satisfactory. He continued: 'Unlike the Commonwealth Committee Report, you will find no mention in the MacBride recommendations about the need for the media to have "credibility" with its readerships or audience. On the contrary, there are disturbing themes, suggesting an enhanced role for governments and for restrictions on the activities of journalists in the guise of protecting them. There is also an unsubstantiated bias against commercialised forms of mass media. In summary, it did not prove to be the constructive contribution we had hoped.'

The Commonwealth's Role

The Commonwealth, Mr Hurd emphasised, was directed at those goals – liberty and international peace and order – which improvements in international communication would foster. It therefore had a special concern for better communications and the benefits they would bring; and the British Government valued the Commonwealth's work in this field, as indeed it did the whole fabric of co-operation that was such a distinctive feature of the Commonwealth association. In endorsing the report of the Commonwealth Committee on Communication and the Media, Mr Hurd noted, the 1981 Melbourne Commonwealth Heads of Government Meeting had given impetus to the work within the Commonwealth framework begun at the previous meeting in Lusaka in 1979. The report provided a solid foundation on which to build, its business-like approach demonstrating 'that communication problems can be rationally discussed by experts without the intrusion of divisive ideology'. A seminar was to be held in Marlborough House in March where the reconvened committee and other delegates would discuss the report and chart a possible way forward, and Britain attached importance to these deliberations.

Mr Hurd also referred to the work of the Commonwealth Press Union, which had been operating training schemes and fellowships for journalists from Commonwealth developing countries since 1955, and to the new Commonwealth Journalists Association, one of whose most important objectives was to increase training opportunities. At the same time, he pointed to the work in this sphere of the Thomson Foundation [based in Cardiff and Glasgow], the BBC and the National Broadcasting School, and of Reuters.

Shorter Notes

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Britain has agreed to give £12·9 million to the International Fund for Agricultural Development (IFAD) for its lending programme for the years 1981 to 1983. This represents Britain's share of the $620 million pledged by donors belonging to the Organisation for Economic Co-operation and Development (OECD) at the IFAD Council meeting in Rome in January. Countries in membership of the Organisation of Petroleum Exporting Countries (OPEC) pledged $450 million towards the

programme, the total resources of which are expected to amount to some $1,350 million. In 1977 Britain contributed £18 million towards an OECD pledge of $595 million for the Fund's first lending programme; the OPEC contribution was $435 million.

IFAD came into being as the result of a resolution by the World Food Conference in Rome in 1974 (see pp 21-3, 1975), which urged the creation of a new fund to finance agricultural development projects in developing countries, making resources available on concessional terms. The initial target of the Fund was $1,000 million and, this having been reached and the required number of states having ratified the agreement establishing the Fund, it became operational at the end of 1977 as the thirteenth specialised agency of the United Nations. Membership is in three categories – OECD countries, OPEC countries and developing countries – with each group having equal voting power in the Fund's Governing Council and on its executive board.

Source: *Hansard*, Vol 16, No 46, written answers, col 443.

HIJACK OF TANZANIAN AIRCRAFT

The siege of a hijacked aircraft from Tanzania, which had landed at Stansted Airport in Essex on Saturday, 27 February, ended peacefully the following day when the passengers and crew were released and the hijackers surrendered to the police. The Boeing 737 aircraft on an Air Tanzania domestic flight had been hijacked on 26 February by a group of Tanzanians claiming to represent 'a revolutionary youth movement of Tanzania' who demanded the resignation of Dr Julius Nyerere, President of Tanzania. The aircraft had called at Nairobi, Jeddah and Athens before landing in Britain. Under the overall control of the Home Secretary, Mr William Whitelaw, the strategy of the local police was to refuse to allow the aircraft to leave but to talk to the hijackers. On Saturday the Tanzanian High Commissioner spoke to them and on Sunday talks were held with Mr Oscar Kambona, a former Tanzanian government minister now living in Britain whom the hijackers had asked to see. Several small groups of passengers were released while talks were taking place but the bulk of the passengers and crew left the aircraft and the hijackers gave themselves up after 26 hours of negotiations. Five men were subsequently charged under the Hijacking Act 1971.[1]

After the end of the siege Mr Whitelaw praised the police for 'an extremely successful operation' and said that the maximum penalty under the Hijacking Act was life imprisonment. The Prime Minister, Mrs Margaret Thatcher, said that it had been made clear at the beginning that as the plane had been hijacked it would not be allowed to leave. Britain had signed an agreement with other countries that if people hijack an aircraft they are either tried in the country they land in or are returned to the place where it was hijacked. The police had handled the operation superbly without violence or bloodshed.

[1]The Hijacking Act 1971, which gave effect to two international conventions, the Hague Convention for the Suppression of Unlawful Seizure of Aircraft and the Montreal Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, is among measures designed to deal with international terrorism. Further legislation, the Taking of Hostages Bill, was given a second reading in the House of Lords on 1 March (*Hansard* (*HL*), Vol 427, No 48, cols 1,115-21). This would enable the United Kingdom to ratify the International Convention against the Taking of Hostages which the United Kingdom signed at the United Nations in 1979 and which will come into force when 22 states have ratified it. So far there have been 11 ratifications and 6 accessions. Both the Hijacking Act and the Taking of Hostages Bill allow for offenders to be extradited or prosecuted in Britain.

The Budget 1982-83: a Summary

Aid to industry (including a reduction in the National Insurance surcharge), reductions in a number of taxes with offsetting increases in duties, and a fall in government borrowing were announced by the Chancellor of the Exchequer, Sir Geoffrey Howe, in his Budget of 9 March. The Government is determined to maintain a responsible monetary policy, with a target of 8-12 per cent for the annual rate of growth of the money supply. The Chancellor's continuing aims are to achieve substantial tax reforms, to promote the wider ownership of wealth and to encourage the productive private sector.

The main proposals are summarised below. A fuller account together with a summary of the White Paper on public expenditure, issued on Budget day, will appear in the April edition of *Survey of Current Affairs*.[1]

Changes in Revenue

Taxes and Duties

No change in rates of income tax. Personal allowances raised by 14 per cent, two percentage points more than the current rate of inflation, to £1,565 for a single person and £2,445 for a married man. Reduction in the tax relief on 'golden handshakes' over £50,000, with any excess over £75,000 becoming fully taxable.

Increase from £50,000 to £55,000 in the threshold for capital transfer tax. Increase from £50,000 to £55,000 in the threshold for gifts made to charities within a year of donor's death.

Increases in the duty on alcoholic drinks leading to price increases (including value added tax – VAT) of 2p on a pint of beer, 10p on a bottle of table wine, 13p on a bottle of sherry and 30p on a bottle of spirits.

Increases in tobacco duty which (including VAT) represent a rise of 5p in the price of a packet of 20 cigarettes.

Increases in the duty on petrol and derv leading to price increases (including VAT) of 9p on a gallon of petrol and 7p on a gallon of derv.

[1]An outline of the British system of taxation is contained in *A Short Guide to Taxes in Britain*, COI No 24/81.

Reduction in the duty on aviation fuel representing a fall in price (including VAT) of 32p a gallon.

Abolition of supplementary petroleum duty but a raising of the rate of petroleum revenue tax from 70 per cent to 75 per cent.

Increase from £70 to £80 in the annual vehicle excise duty on cars and increases of about 12 per cent in that on most other vehicles. Small reduction in the duty on about 500,000 light commercial vehicles to bring it more closely into line with that on cars. Increase in the duty on heavy lorries by about one-quarter to reflect the actual cost which they impose on the roads.

Increase in the football pool betting duty from 40 per cent to 42·5 per cent and increase in the duty on casinos. Significant increases in the duty on certain gaming machines from October.

The exemption limit for stamp duty on house purchase to be raised from £20,000 to £25,000 and the other thresholds to be raised by £5,000.

Other Sources of Revenue

Index-linked government stock to be made available to all types of holder and not confined to certain institutions, as previously.

Agreement in principle for British Telecom to issue up to £150 million of bonds in the autumn on condition that it meets specified conditions on the control of its costs and charges.

Benefits

Retirement pensions to be raised in November by 11 per cent, two percentage points more than the forecast increase in prices over the 12 months until then, to £32·85 a week for a single person and £52·55 for a married couple.

Unemployment benefit also to be increased by 11 per cent, to £25 a week for a single person and £40·45 for a married couple.

Aid to Industry

Reduction in the employers' National Insurance surcharge from 3·5 per cent to 2·5 per cent from August, with an additional reduction of 0·5 per cent to operate between then and April 1983 in order to achieve an effective reduction of one percentage point for the 1982-83 year as a whole.

Corporation tax at the lowest rate, 40 per cent, to apply to annual profits of up to £90,000

instead of the existing £80,000 and the threshold for the highest rate, 52 per cent, to be raised from £200,000 to £225,000.

The registration threshold for value added tax to be raised from an annual turnover of £15,000 to one of £17,000.

Income tax relief under the business start-up scheme to be available on up to £20,000 invested in any one year instead of the previous £10,000.

The small industrial workshop scheme, under which allowances can be claimed on the construction of small workshops, to be extended.

Relief on electricity and gas charges for large industrial users.

Further rises in the prices of foundry coke to be delayed until the winter.

Additional financial assistance for space technology and production engineering including the introduction of a special scheme for small engineering firms.

Financial Strategy

Target range of 8-12 per cent for the annual rate of growth of both broad and narrow measures of the money supply.

Planned public sector borrowing requirement for 1982-83 of about £9,500 million. The 1981-82 outturn is likely to be within the 1981 Budget forecast of £10,500 million.

Employment Bill

The Employment Bill, which was given a second reading in the House of Commons on 8 February, aims to give the individual worker additional rights in relation to closed shops and to make trade unions more accountable for the results of their actions.

Main Provisions

The Bill embodies, with modifications, most of the proposals contained in the Government's consultation paper issued in November 1981 (see p 367, 1981), and one new proposal, in clause 1.

Clause 1 would enable the Secretary of State for Employment to pay compensation to people dismissed for non-membership of a trade union between the passing of the Trade Union and Labour Relations Act 1974 (see pp 159-61, 1974) and the Employment Act 1980 (see pp 21-3, 1980), whose dismissals would have been unfair if the provisions of the 1980 Act had been in effect at the time.

Clause 2 would amend the Employment Protection (Consolidation) Act 1978 to increase the range of circumstances where dismissal for non-membership of a trade union in a closed shop could be regarded as unfair. The principal new circumstances are: where a closed shop agreement which too' effect before 15 August 1980 has not in the five years preceding the dismissal been supported in a secret ballot by 80 per cent of the employees covered by it, or 85 per cent of those voting, and where at the time of dismissal the employee has obtained or is seeking from an industrial tribunal a declaration of being unreasonably excluded or expelled from a trade union.

Clause 3 would set a minimum of £2,000, subject to reduction on account of an employee's conduct before dismissal, on the basic award of compensation for unfair dismissal because of non-membership of a trade union or because of trade union membership and activities. Clause 4 would create a new special award of compensation, additional to any basic or compensatory award, for workers found to have been unfairly dismissed for non-membership of a trade union or for trade union membership or activities. The award would be made in cases where the complainant asked the tribunal to make an order for reinstatement or re-engagement, but the order was (a) not made, or (b) made, but the complainant was not reinstated or re-engaged. If the tribunal decided not to make an order, the amount of special award would be 104 weeks' pay, subject to a minimum of £10,000 and a maximum of £20,000. If the tribunal made an order but the complainant were not reinstated, the amount of special award would be 156 weeks' pay, subject to a minimum of £15,000.

Clause 5 would enable a complainant who claimed to have been dismissed unfairly for not being a member of a trade union to 'join', as a party to the unfair dismissal proceedings, a trade union or another person who was alleged to have put pressure on the employer to dismiss the complainant by calling or threatening industrial action. Compensation for the unfair dismissal could be awarded wholly or partly against the union or other person rather than against the employer. The extension of this right to cases of action short of dismissal for non-membership of a union is provided for in clause 9.

Clause 6 would extend to employees who claim they had been unfairly dismissed for non-membership of a trade union the right to apply for 'interim relief' to have their employment continued until their complaint of unfair dismissal was heard.

Under clause 7 an employee would be prevented from claiming unfair dismissal while taking part in a strike, provided that the employer dismissed all the employees taking part in the strike at the time, having given and allowed to elapse at least four days' notice of dismissal to all striking employees.

Clause 8 would protect an employee from action short of dismissal by the employer to compel membership of a trade union in the additional situations in clause 2 where dismissal itself would be unfair.

Clause 10 would make void any term in a commercial contract requiring the contractor to use only union labour (or only non-union members) in fulfilling the contract. It would also make it unlawful to discriminate in the termination or issuing of contracts on the grounds that anyone employed or likely to be employed to fulfil the

contract was, or was not, a union member. Clause 11 would remove legal immunities from actions for civil damages from trade unions and others who put pressure on an employer to act contrary to clause 10. It would also remove these immunities from those who took action against an employer on the grounds that work was done by workers who were, or were not members of a trade union.

Under clause 12 the legal immunities for trade unions and employers' associations would be brought into line with those for individuals, so that they could be held liable for unlawful acts committed outside a trade dispute. The clause also describes the circumstances in which a trade union would be regarded as liable for the unlawful acts of its officials. Clause 13 would set limits on damages which could be awarded against a trade union in civil proceedings. The limits are related to the number of members in a trade union: £10,000 (fewer than 5,000 members), £50,000 (5,000-24,999 members), £125,000 (25,000-100,000 members), £250,000 (more than 100,000 members). These limits would not apply in some cases involving personal injury or the ownership of property.

Clause 14 specifies property (such as personal property of an official) from which damages, costs or expenses could not be recovered in any proceedings against a trade union or employers' association.

Clause 15 would amend the definition of a 'trade dispute' (which is important in delineating immunities) in the Trade Union and Labour Relations Act 1974. It specifies that a trade dispute would have to be between workers and their employer and would exclude disputes simply between workers. It provides that a trade dispute would have to relate wholly or mainly to the subjects defined in the 1974 Act, rather than merely be connected with them. The clause would also exclude disputes relating to matters outside the United Kingdom unless the people taking action in the United Kingdom were likely to be affected by the outcome of the dispute. Clauses 16, 17 and 18 cover miscellaneous provisions and definitions.

House of Commons Debate

The Bill was given a second reading by 348 votes to 241, a majority of 107.

The Secretary of State for Employment, Mr Norman Tebbit, introduced the debate[1] by pointing out that 'the laws which give trade unions rights are laws which take away the historic common law rights of the people. There is a case for so doing – within limits. But we have seen the folly of divorcing rights from obligations and power from responsibility. Unlimited immunity for industrial action leads not to peace and stability, but to conflict and stalemate . . . .'

The present Bill was 'a modest measure, in both size and purpose. We have not sought to transform the whole framework of industrial relations law. Nor have we fallen into the error of assuming that good industrial relations can simply be legislated into existence.' The Government had 'tried to provide specific remedies for real abuses, to provide effective protection where it has been shown to be necessary, and to redress the imbalance of bargaining power . . . .'

The Secretary of State referred to the judgment of the European Court on Human Rights, which found that the closed shop legislation was in breach of the European Convention on Human Rights (see pp 266-7, 1981). The closed shop was a matter of deep concern, and that was why more than half the clauses in the Bill were concerned directly or indirectly with that subject.

The first clause of the Bill, empowering the Government to pay compensation to people dismissed between 1974 and 1980 for non-membership of a trade union was not retrospective legislation but an attempt to 'offer some restitution to those who suffered because the law gave them no protection at the time'. The closed shop, Mr Tebbit said, 'need not, but too often does, reinforce restrictive practices and inefficient working methods. It damages competitiveness, and therefore in the long run it destroys jobs.'

Turning to levels of compensation, Mr Tebbit said the present levels were too low and reported that the median award for unfair dismissal in 1980 was just under £600; under the Bill's proposals, someone unfairly dismissed from employment because of a closed shop would normally get a minimum of £12,000 even if the tribunal did not order reinstatement and a minimum of £17,000 if the employer refused to comply with an order of reinstatement.

The Secretary of State conceded that the clauses dealing with trade union immunities covered an area of great complexity, with symbolic and emotional significance for both employers and unions. But, he pointed out, 'There is nothing in the Bill that prevents trade unions from organising, gaining recognition, bargaining collectively or from organising industrial action by their members in pursuit of improvements in their pay and conditions or in defence of their jobs. Nor is there anything in the Bill that interferes with the internal organisation of trade unions, with their rules or the way they conduct their domestic affairs.'

The Bill provided for trade unions to have the same immunity as individual trade union officials and other organisers of industrial action. Since 1906, Mr Tebbit said, 'trade unions . . . have enjoyed virtual total immunity from civil actions even if they have acted unlawfully, quite outside a trade dispute. No other trade union movement in the world is outside the law in that way and . . . no other person or organisation – not even the Crown – has a comparable immunity in this country.' The Government could see no reason why trade union funds should be protected if officials of the trade union, acting with the authority of the union, acted unlawfully. There was no incentive for a union to restrain unlawful action by its officials if the union's funds were not at risk.

The definition of a 'trade dispute' had, the Secretary of State said, been tightened up. He pointed out that political strikes had always been

[1] *Hansard*, Vol 17, No 52, cols 737-832.

outside the legal immunity granted by a trade dispute. The Government was proposing that where a dispute was mainly political or mainly concerned with a personal grudge or some other non-industrial matter, and fell only marginally within the definition of a trade dispute, it should be treated as the law had always treated disputes that were wholly political. It was not proposed that all sympathetic action should be made unlawful; the Bill provided that, where there was no dispute between employer and employees and everyone was working normally, a trade union outside the company could not declare that it was in dispute with the company because it did not like the way that the company ran its business or because none of the employees was in a trade union.

Opposition Views

The Labour Party spokesman on employment, Mr Eric Varley, said that it was fraudulent to claim that the main purpose of the Bill was to protect individual employees; workers could improve and protect their living standards only through trade union organisation. He believed that the Government's motive as set out in the Bill sprang not from a desire to enhance job protection, but to weaken trade union membership agreements and the trade unions themselves. The most dangerous legislative concept in the Bill was that which made it possible to sue trade unions; it ignored the purpose, function and democratic structure of the British trade union movement and it would damage the development of sound industrial relations.

For the Social Democratic Party, Mr William Rodgers said that he regretted the necessity for the Bill, although he would vote in favour of it. He hoped that there would be no need for further trade union legislation and that it would be possible to return to the voluntary principle.

Mr Cyril Smith, on behalf of the Liberal Party, said that he would support the Bill and advise his colleagues to do likewise. There was much in the Bill with which he agreed, although he was unhappy about its timing, and he rejected the idea that it would destroy the trade union movement.

Government Response

Winding-up for the Government, the Parliamentary Under-Secretary of State for Employment, Mr David Waddington, said that the Bill was the product of a long period of consultation. Its proposals reflected industry's view and that was why it was time to take a further step. In a free country there had to be a right to strike, but there would always be those who abused the right. The Bill would continue the process that was begun with the Employment Act 1980 of bringing sanity and fairness into the legal framework of industrial relations. It would give better protection for the individual against the abuse of industrial power, and would mark more clearly than before what the community regarded as acceptable and what was clearly not acceptable in an industrial dispute. It would also remove some of the more obvious barriers to economic recovery.

Small Firms

In a speech summarising the achievements of the Government's Business Opportunities Programme, which has now completed its course, the Secretary of State for Industry, Mr Patrick Jenkin, described ways in which small businesses are being helped by large companies, the Government, local authorities, financial institutions and a number of agencies, and emphasised that more help of this kind was important to produce a thriving small firms sector.

The Business Opportunities Programme was launched in May 1981 (see p 148, 1981) with a twofold aim: first, to publicise what the Government was doing to ensure that the small business sector played a larger part in the British economy than it had done, and secondly, to obtain reactions from entrepreneurs. It came to an end in February after a programme of 18 major conferences and 56 meetings at which government ministers spoke to audiences of small businessmen in all parts of Britain. The conferences attracted around 4,000 people, and about 7,000 small firms and their advisers were represented at the meetings.

SECRETARY OF STATE'S SPEECH

Speaking at a function in London to mark the end of the Programme, Mr Jenkin said that successive British governments had set about removing the obstacles, disincentives and administrative barriers to growth in the small firms sector which were the concomitant of a modern, complex industrial society. The present Government, he said, had introduced numerous measures to this end – including tax reliefs, the reduction of bureaucracy, help with finance, advice and expertise, and alleviation of some of the legal obligations on employers (see pp 369-71, 1981). 'At the last count we could number 76 specific statutory or administrative actions taken since May 1979 in pursuance of this policy', he said.

However, the Government was not the only or even the main influence on the health of the small firms sector.

The Role of Large Firms

In a world of increasing specialisation, major industry had to have available a range of small, independent specialist firms, Mr Jenkin said. Large firms should make it their business to encourage a healthy, thriving small firms sector. There was not only direct self interest involved. Since it had increasingly become the concern of big firms to devote time, effort, money and thought to the local community in which they operated, and since the economic and social well-being of a community depended in large measure upon its small business sector, one of the ways in which big firms could demonstrate their concern and commitment to the community was by helping small firms.

Mr Jenkin discussed four areas in which large firms could assist small ones – management

expertise, business premises, finance and purchasing. He emphasised that all his suggestions were based on actual examples.

Management Expertise

There was a huge demand from small firms for advice and counselling, especially from people aiming to set up on their own for the first time, he said. Partly as a result of the Business Opportunities Programme, requests for advice made to the Department of Industry's Small Firms Service had more than doubled between 1980 and 1981. The Service had handled nearly 200,000 enquiries in 1981 and had organised over 13,000 counselling sessions for experienced businessmen to make their expertise available to small businessmen.

Many companies and industrial organisations had sponsored trusts in the form of a 'local enterprise agency', often set up with the help of the banks and the local authorities. Many were modelled on the Community of St Helens Trust sponsored by Pilkingtons, the glass company, of St Helens, Merseyside. Pilkingtons had perceived that technological change would mean fewer job opportunities in St Helens, and so had sought to marshal the resources of the community to encourage new business enterprises.

Another pioneer of the movement was the London Enterprise Agency – known as LENTA – which had been founded by a group of large companies in conjunction with the London Chamber of Commerce (see p 115, 1981). Their example had been followed right across the country, and well over 100 large and small companies had helped or were helping to set up about 90 enterprise agencies in Britain. The Government greatly welcomed this strong involvement and also the positive attitude of the local authorities.

Mr Jenkin urged firms to extend this involvement by seconding senior managers to the staff of enterprise agencies, and by allowing the managers to become non-executive directors of local small firms or to spend time working with the management education and training institutions in their area.

Business Premises

A second need recognised by the Government and local authorities was for small business premises. The English Industrial Estates Corporation, for instance, had built a large number of small factories and warehouses in the Assisted Areas in conjunction with the private sector (see pp 120 and 189, 1980). Planning regulations had been relaxed and, perhaps even more important, the first-year tax allowance for the construction of small workshops had been doubled to 100 per cent (see p 120, 1980). Department of Industry research indicated that the total of small premises of 2,500 sq ft (230 sq metres) and below in England had probably risen from 2,700 a year before the introduction of the 100 per cent industrial buildings allowance to about 9,400 a year as that had begun to take effect. However, the majority of these tended to be at the higher end of the scale and there was a continuing need for the very smallest premises in both urban and rural areas. Mr Jenkin therefore urged the financial institutions to look again at their investment programmes and suggested that industrial and rural property-owners should look to see whether they had unused buildings or land which could be used by small firms.

Finance

The Government had aimed to stimulate the private sector to help to provide funds for small firms. The Business Start-Up Scheme – full tax relief for up to £10,000 invested in a young firm (see p 103, 1981) – had already led to the creation of seven or eight local or national investment trusts and the funds ran into millions of pounds. The Venture Capital Scheme gave full tax relief for losses on investments in small firms (see p 120, 1980). The Loan Guarantee Scheme (see p 103, 1981) – only in operation for eight months – had resulted in well over 2,300 guarantees in respect of loans from the banks totalling over £80 million. Over half of these had gone to start-ups – a clear sign that the Scheme was plugging a gap in the system, Mr Jenkin said.

Management buyouts had become a feature of industrial change (see p 341, 1981). Companies could help their own people to set up on their own both by the loan of management expertise and by helping with finance through leasing arrangements or allowing reasonable pay-back periods. A firm could offer crucial help at the birth of a new business, acting perhaps as a customer for the new firm's product or service. This in turn could help the firm to raise finance.

Purchasing

'One of the best ways major firms can help the small firms is through their purchasing policy', Mr Jenkin said. There was a growing movement round the country to try and persuade major buyers to place more of their business with local small firms. For its part the Government had published a booklet giving information to help small firms to gain access to public sector purchasers. The National Coal Board had been very active in developing a policy of encouraging its suppliers to meet its needs and so increase the proportion of its purchases that came from local firms, and Shell had a similar policy. Among some very useful initiatives recently in the private sector, there had been, for instance, the series of seminars organised by the London Enterprise Agency through which large firms' purchasing managers had briefed small firm suppliers.

'Business in the Community'

Mr Jenkin lastly paid tribute to the Business in the Community organisation. Funded entirely by large companies, it aimed to stimulate firms to play a greater part in the community by advising them how to use their special skills and strength to this end. 'The organisation in particular aims to build on current initiatives and to act as a catalyst to help local interests to form effective enterprise agencies and other organisations where they do not exist at the moment.'

The work of the organisation complemented that of the Government, the local authorities, and

the other agencies working for community development and to help small firms, Mr Jenkin said. It was vital for the well-being of the country to foster the growth and prosperity of the small firms sector.

BUDGET MEASURES

Further measures to assist the small firms sector were proposed in the 1982 Budget statement (see p). They include widening the application of the industrial buildings allowance (for small workshops as for other buildings); extending for two years the duration of the 100 per cent industrial buildings allowance for very small workshops; raising the limit of the business start-up scheme from £10,000 to £20,000; raising the ceiling for the loan guarantee scheme to £150 million; increasing the threshold for corporation tax on small companies; and providing for tax relief on contributions from the business community to approved enterprise agencies.

Industrial Disputes

The number of industrial disputes in Britain continues to decline, and in 1981 was the lowest for 40 years. International comparisons

Table 1

Stoppages in Britain 1972-81

Year	Stoppages beginning in year	Stoppages in progress in year	No. of workers involved in stoppages (thousands): Beginning in year	In progress in year	Working days lost (thousands)
1972	2,497	2,530	1,722	1,734	23,909
1973	2,873	2,902	1,513	1,528	7,197
1974	2,922	2,946	1,622	1,626	14,750
1975	2,282	2,332	789	809	6,012
1976	2,016	2,034	666	668	3,284
1977	2,703	2,737	1,155	1,166	10,142
1978	2,471	2,498	1,001	1,041	9,405
1979	2,080	2,125	4,583	4,608	29,474
1980	1,330	1,348	830	834	11,964
1981	1,280	1,286	1,437	1,438	4,196

Table 2

Working days lost through industrial disputes per 1,000 employees in all industries and services: 1971-80. Department of Employment International Comparison

	1980*	Average 1971-80	1971-75	1976-80*
Britain	531	575	585	566
Australia	645	662	728	596
Belgium	69	228	236	219
Canada	910	892	919	864
Denmark	90	264	436	92
Finland	828	684	753	615
France	95	209	232	186
Germany (Federal Republic)	6	54	57	52
Irish Republic	1,145	739	415	1,064
Italy	979	1,271	1,367	1,174
Japan	25	115	188	43
Netherlands	12	37	43	30
New Zealand	352	264	150	378
Norway	63	47	52	42
Spain	—	856†	141	1,749‡
Sweden	1,148	163	85	241
United States	346	452	484	420

*Provisional. †Average for 1971-79. ‡Average for 1976-79.

Table 3

Working days lost through industrial disputes per 1,000 employees in selected industries (mining, manufacturing, construction and transport)*: 1971–80. International Labour Office statistics

	1979	1980†	Average 1971-80‡	Average 1971-75	Average 1976-80†§
Britain	2,430	1,180	1,132	1,146	1,118
Australia‖	1,560	*na*	1,327	1,464	1,155
Belgium	350	*na*	454	422	495
Canada	1,660	1,530	1,774	1,848	1,700
Denmark¶	140	*na*	627	990	173
Finland	270	*na*	1,248	1,426	1,025
France	350	*na*	327	342	308
Germany (Federal Republic)	40	10	92	92	92
Irish Republic	3,870	*na*	1,229	746	1,833
Italy**	2,540	*na*	1,780	1,746	1,823
Japan	40	50	200	326	74
Netherlands	190	*na*	88	90	85
New Zealand	810	*na*	596	386	858
Norway	10	140	87	104	70
Spain	3,260	*na*	1,352	240	2,743
Sweden	20	*na*	50	76	18
United States††	890	830	1,073	1,136	1,010
India	2,180	*na*	1,537	1,532	1,543
Switzerland††	—	*na*	3	2	5

na not available.
— Negligible.
*The figures are restricted mainly to these four relatively strike-prone industry groups by the ILO to reduce the effects of different industrial structures and improve the basis of comparison of strike rates between the countries.
†Provisional.
‡Average for 1971-79 where the 1980 figure is not available.
§Average for 1976-79 where the 1980 figure is not available.
‖Including electricity and gas; excluding communication.
¶Figures up to 1974 relate to manufacturing only, and are therefore not fully comparable with later figures.
**Including gas, electricity and water. Including political strikes from 1975 onwards.
††Including gas, electricity and water.

of disputes for the ten years to 1980 show that Britain retains a middle-ranking position.

Provisional figures published by the Department of Employment[1] suggest that the number of stoppages of work beginning in 1981 was 1,280, compared with 1,330 in 1980, the lowest annual total for 40 years.

The provisional total of working days lost during 1981 (generally considered a more reliable indicator than the total of disputes) declined steeply to 4·2 million. This was less than a third of the annual average of nearly 13 million over the previous ten years and, apart from 1976 when nearly 3·3 million days were lost, is the lowest annual total since 1967. About a quarter of the days lost in 1981 were due to one dispute, that in the Civil Service.

Figures for stoppages over the past ten years are given in Table 1.

The most recent international comparisons of industrial disputes published by the Department show that Britain continues to occupy a broadly middle-ranking position compared with other industrial countries.[1] Two comparisons are made: one is compiled by the Department from various sources and shows for 17 countries the rate of working days lost for every thousand employees in all industries and services (Table 2); the other is compiled by the International Labour Office and shows a similar comparison for 19 countries but restricted to the major industries which tend to account for a large proportion of the working days lost in all countries (Table 3). The statistics cover the ten years to 1980.

Over the five-year period 1976-80 Britain lost on average just over half a working day per employee per year because of industrial stoppages (566 days per thousand employees). Because of the substantial variation in year-to-year figures, five- and ten-year averages are considered to provide a better measure for comparative purposes than figures for individual years. Six countries, including Australia, Canada and Italy lost more time per employee than Britain, while ten other countries lost less time. The relative differences between countries and the ranking orders are mostly very similar on either basis of comparison.

[1]*Employment Gazette*, Vol 90, No 1, pp S4–5, S44. HMSO, £2·25. ISBN 0 11 726606 X.

[1]*International Comparisons of Stoppages. Employment Gazette*, Vol 90, No 2, pp 69–70. HMSO, £2·25. ISBN 0 11 726607 8.

Transport Bill

The Transport Bill, which provides for the introduction of private capital into the National Bus Company and the transfer of the testing of goods vehicles and public service vehicles to the private sector, and amends and extends road traffic law in respect of fixed penalty offences, was given its second reading in the House of Commons on 9 February by 314 votes to 246 (*Hansard*, Vol 17, No 53, cols 865-946).

MAIN PROVISIONS

The first part of the Bill concerns the publicly owned National Bus Company, which provides bus services in England and Wales through 35 locally based subsidiaries and has a network of long-distance coach services. It empowers the Company to sell shares in any of its subsidiaries, with the consent of the Secretary of State for Transport, and to dispose of the whole or any part of the undertaking or property of a subsidiary; and, with the Secretary of State's consent, to provide for employee share schemes to be established in subsidiaries in which shares are to be sold.

The second part of the Bill contains enabling powers to make it possible for the annual testing of heavy goods vehicles and public service vehicles, which covers their mechanical condition (and, for buses and coaches, the safety and comfort of passengers), to be transferred to the private sector. Principal functions set out in the Bill which may be carried out by approved authorities and authorised inspectors are annual testing, the initial certification of public service vehicles, the determination of plated weights for goods vehicles, and the imposition (and removal) of prohibitions on vehicles found to be unfit.

Under the third part of the Bill the fixed penalty system, at present mainly confined to parking offences, will be extended to include some of the less serious traffic offences such as speeding, failure to comply with traffic signs and various vehicle defect offences. The fixed penalty for an endorsable offence (an offence on conviction of which a driver has his or her licence endorsed with a record of the conviction) will be £20 and for any other fixed penalty offence £10.

Among the miscellaneous provisions contained in the fourth part of the Bill is one amending the Transport Act 1968 to enable environmental considerations to be taken into account in granting, varying or revoking operating licences for goods vehicles, required for anyone wishing to operate goods vehicles of more than 3·5 tonnes gross weight unless specifically exempted, and to permit conditions to be attached to licences in order to prevent or reduce adverse environmental effects arising from the use of these vehicles.

PARLIAMENTARY DEBATE

Government View

Introducing the Bill, the Secretary of State for Transport, Mr David Howell, said that the first two parts of the Bill continued the Government's strategy of 'reducing the role of the State in the transport sector wherever there is no good reason for it to be there'. The Government was pressing ahead 'for the most practical and commonsense of reasons – namely, the objective of introducing greater efficiency into our transport operations, more opportunities for expansion and development, a higher quality of service and a more flexible response to the needs of the user and the customer'.

National Bus Company

Mr Howell said that the opening up of the National Bus Company to private capital continued the process already adopted under the Transport Acts 1980 and 1981 (see pp 383-5, 1979, and pp 52-4, 1981) for the National Freight Corporation, the British Transport Docks Board and subsidiaries of the British Railways Board. There was 'a clear role for the private sector to play in the National Bus Company's coach operations and the improvement of passenger facilities', and the potential advantages were immense. The Company, like its private sector competitors, had 'benefited greatly from the Transport Act 1980, which removed the licensing restrictions on those [express coach] services. The results of this new freedom have been an unprecedented increase in the demand for coach travel, wider choice for the traveller and substantially lower fares on many routes.' The Government believed that 'a partnership with private capital will make it possible to improve on those results still further to the advantage of the National Bus Company itself, its employees and its customers. It is our intention that the National Bus Company should retain a significant share in this business and the Bill provides for the establishment of an employee shareholding scheme, which means that the workforce will itself have a real stake in the expansion of the coach market.' Similar opportunities existed in the Company's coach holiday business.

Mr Howell noted that the Company and its subsidiaries owned property assets, valued at over £100 million, ranging from small rural garages and depots to substantial town centre bus and coach stations. The properties had considerable potential, but the Company had been unable to finance major development within the resources available from public funds. The Government believed that there was 'an opportunity for using private capital to unlock the potential of [the] National Bus Company's property assets and to enable the Company to offer much more attractive facilities to the travelling public'.

Testing of Vehicles

Mr Howell said that during the past ten years or so the heavy goods vehicle testing system (operated by Department of Transport testing stations) had 'earned a reputation in the road transport industry for its high standards and impartiality'. It deserved that reputation, but he believed the system could be improved. Annual testing of heavy goods and public service vehicles had been carried out as part of the wider vehicle safety work of the Department of Transport. 'The system

may have had the virtues of the Civil Service and the Department, but it has also suffered from the inescapable limitations of Whitehall's departmental control', which 'has restricted the development of the services offered to vehicle operators'. Mr Howell mentioned various approaches to the organisation of the private sector scheme and said that he would hold further discussions with the road transport industry before reaching a decision. The emphasis would 'always be on maintaining the highest possible safety standards, combined with quality of service to the industry'. He would continue to set the standards that testing stations had to meet and he would also monitor and supervise the new arrangements.

Fixed Penalties

The Secretary of State said that the Bill's provisions dealing with the fixed penalty system were based on the recommendations of a review body set up to examine ways of simplifying the road traffic laws. The proposals fell into two parts. First, they extended the fixed penalty system, with the aim of relieving some of the burden that road traffic offences imposed on the police and courts and to free court time for more serious offences. Among more than 1·8 million successful prosecutions a year for road traffic offences were 'a substantial number whose less serious nature lends itself to the fixed penalty system. If those are dealt with by way of fixed penalty, up to 600,000 cases a year could be taken out of the courts.' By extending the system, a simpler alternative would be available for dealing with those offences, by removing the need for a court hearing unless the person given a ticket asked for one. Those who wished to acknowledge liability for the offence could settle the matter by paying a fixed penalty rather than by going through the court process. He emphasised that on-the-spot fines were not proposed, but it was an extension of the present ticket system where the fine was paid subsequently. As endorsable offences would become part of the fixed penalty system, procedures had been designed to fit in with the existing endorsement and disqualification machinery.[1] 'There is no question of devaluing the seriousness of an endorsable offence', Mr Howell said. 'The licence will still be endorsed, and its more serious nature is reflected in the higher penalty of £20.'

Secondly, Mr Howell continued, the proposals aimed to improve the enforcement of fixed penalties. Illegal parking caused problems, particularly in London, and parking restrictions were too often ignored. Over 900,000 fixed penalty notices a year were ineffective, largely because motorists ignored them and the time limit for proceedings to be brought expired. Changes to make enforcement more effective would 'not only be fairer to motorists who obey the parking laws, but the increased deterrent to illegal parking will be a substantial step towards relieving the serious traffic congestion that it can cause in cities'. The best way to deal with evasion was to require a person issued with a ticket to take positive action if he or she wished to contest liability for the offence. The Government therefore proposed that in the absence of a response to the notices issued, either by payment of the penalty or a request for a hearing, the penalty would automatically be treated as if it were a fine imposed on conviction. It would be enforced by the courts, together with an amount to cover expenses, without the need for a court hearing.

[1]Under the Transport Act 1981, a new points system is to be introduced (later in 1982) whereby current endorsable offences will be graded according to their severity by a fixed number of points (ranging from one for minor offences up to ten for offences such as reckless driving or being in charge of a motor vehicle when unfit through drink or drugs). When 12 points have been accumulated within three years, a driver will almost always be disqualified for six months.

Opposition View

Opposing the Bill, the chief Labour Opposition spokesman on transport, Mr Albert Booth, said that the proposals relating to the National Bus Company served the Government's narrow and doctrinaire aims, and would damage passenger services and public funds. The efficiency of the Company's operation depended to a great degree on the integration of its various types of service. Profits of its holiday and coach services provided 10 to 12 per cent of the subsidy on rural bus operations, and the hiving off of holiday and coaching services could only hasten the already serious decline in bus services, particularly in rural areas. On vehicle testing the Government had not persuaded the road haulage industry that it could get any better service from private stations. 'On the contrary, they have aroused great fears in the road haulage industry, as well as in the public service vehicle section, that the uniformly high standard of testing accomplished now by the test stations is at risk by what the Government are doing.' The third part of the Bill concerning fixed penalties involved difficult matters of judgment that had to be debated with care. They were not susceptible to party political analysis and it was regrettable that they were contained in a measure which had, in its first two parts, 'the basis of a major party political controversy'. He opposed the Bill on the basis of those two parts which he believed were 'wrong in judgment and principle and . . . harmful to passenger and road freight transport'.

The Social Democratic Party's spokesman on transport, Mr Tom Bradley, also spoke against the Bill; he too regretted that the Bill had been put forward in its present mixed form. The first two parts formed the real substance of the Bill and the rest merely sought 'to sugar those unpalatable pills'. If the National Bus Company lost National Express coach services, it would lose its profitable arm. The rest of the Company's operations would be imperilled and many of its local companies would be unable to finance their stage carriage services. Since, too, the present system of testing of heavy goods and public service vehicles was self-financing, privatisation would 'bring no benefit to taxpayers' and, 'if anything, it will increase costs to them by the complicated system of inspection and control which the House [of Commons] will properly require'. The overwhelming objection was the introduction of commercial considerations into a procedure designed to pro-

tect the public from unsafe lorries and buses on the roads.

Government Reply

Winding up the debate, the then Parliamentary Under-Secretary of State for Transport, Mr Kenneth Clarke, said that, in the Government's view, the best way to provide the National Bus Company with access to capital and to allow business to develop for the benefit of the travelling public was to allow access to private capital through the means set out in the Bill. On the changes proposed to heavy goods vehicle and public service vehicle testing, the Government believed that they would provide a better service to road haulage operators and help to reduce their costs, and that in turn this would benefit their customers.

Developments in Telecommunications

Important developments in telecommunications in Britain in recent weeks have included the issue of a licence to the Mercury Consortium to run an independent telecommunications system, the establishment of the first commercial partnership by British Telecom with the private sector under the British Telecommunications Act 1981 (see pp 14-16, 1981), a new world record in optical fibre technology set by British Telecom's research team, the completion of one of the world's largest computer-controlled telex exchanges, and government approval for the start of direct broadcasting by satellite in 1986 (see p 90).

LICENCE FOR MERCURY CONSORTIUM

The issue of a licence to enable the Mercury Consortium, a £50 million joint venture between Cable and Wireless (40 per cent), British Petroleum (40 per cent) and Barclays Merchant Bank (20 per cent), to run an independent telecommunications system for business within Britain was announced by the Secretary of State for Industry, Mr Patrick Jenkin, in the House of Commons on 22 February (*Hansard*, Vol 18, No 62, written answers, col 271). Mr Jenkin said that, in discussions with the Government, British Telecom had 'accepted the principle of connection between Mercury and the public switched networks and of Mercury's access to separate international circuits'. Negotiations between British Telecom and the Consortium would take place to establish the appropriate terms. 'The Government is conscious', Mr Jenkin continued, 'that the establishment of a second network with access to a separate international outlet provides the United Kingdom with a virtually unique position in world communications. The British Telecommunications Act 1981 and the licence have been structured in a way to enable the Government to ensure that both British Telecom and the [Mercury Consortium] co-exist and compete to generate new service and job opportunities and to enhance customer choice within the UK while increasing the national share of the expanding world communications market.' He particularly welcomed the partnership between the public sector and private capital represented in the Consortium. 'The combination of the resources of a British oil company, a leading British merchant bank and Cable and Wireless represents a vindication of the policy of new opportunity created by the British Telecommunications Act 1981.'

Initially the Consortium plans to link a number of major business centres in Britain using optical fibre cables, carrying up to 8,000 telephone conversations simultaneously, laid alongside British Rail tracks. The system will be able to handle telephone calls, data transmission and video conferences. The Consortium hopes to connect its first customers in London by the beginning of 1983 when the first trunk route to Birmingham (the hub of the network) should also be brought into operation.

MARTLESHAM ENTERPRISES

The establishment of Martlesham Enterprises, the first venture initiated by British Telecom under the British Telecommunications Act 1981, which allows it to form partnerships with commercial enterprises, was announced on 25 January. The company will sponsor and finance commercial ventures in high technology and exploit ideas from British Telecom's research laboratories at Martlesham Heath (Suffolk). The laboratories have a world-wide reputation for their achievements in a wide range of subjects including Prestel (the world's first public viewdata system), optical fibres, semi-conductor technology, visual telephones and slow-scan television. The first idea under discussion for exploitation is a new materials process for improvement of semiconductors. Shareholders in the company are British Telecom (30 per cent), Electra Investment Trust (25 per cent), the merchant bankers Lazard Brothers (20 per cent), Raeburn Investment Trust managed by Lazards (20 per cent) and Thompson Clive and Partners (5 per cent).

OPTICAL FIBRES

A new world record for the transmission of light pulses along optical fibre cable has been set by a research team at British Telecom's research laboratories at Martlesham Heath. Light pulses were sent at a rate of 140 million a second – a signal corresponding to nearly 2,000 simultaneous telephone calls – over a 102-km (63-mile) length of optical fibre. This is the world's longest transmission at this pulse rate achieved without intermediate amplification, twice as far as the team's previous best in 1981. To make this possible, the team developed entirely new designs of lasers and receivers. The breakthrough opens the way for practical and reliable optical fibre transmission systems spanning distances of 30 km (some 20 miles) or more without intermediate repeaters.

Major benefits will include significant savings in capital cost and substantial reductions in the cost of submarine cables (which at present need repeaters about every 5 km – 3 miles). The Chairman of British Telecom, Sir George Jefferson, said on 10 February that the achievement had 'tremendous significance for our future network planning'. At present Britain was committed on a larger scale than any other country to the use of optical fibres (see pp 235-6, 1981) with some £25 million worth installed or on order. The success at Martlesham meant that even greater benefits from this new technology were expected and it would also help British industry to establish a leading position in an area increasingly subject to strong international competition.

COMPUTER-CONTROLLED TELEX EXCHANGE

A new £8 million computer-controlled telex exchange, probably the largest in the world, was handed over to British Telecom International by its manufacturers, Plessey Controls Ltd, on 24 February. It was installed on schedule in Keybridge House in London and will transmit messages between Britain's 90,000 telex customers and over 1 million telex users in 170 overseas countries. Faster service and new facilities will be provided for telex users. In particular, the exchange will be capable of storing telex messages which cannot be transmitted on demand and will automatically retransmit them later, thus enabling customers to avoid congestion in overseas networks and international time differences. Initially the new exchange will provide 11,000 extra connections overseas, increasing existing capacity by 30 per cent to keep pace with the rapid growth of international telex calls, and eventually it could be expanded to 27,000 connections. Accepting the exchange from Plessey Controls, the managing director of British Telecom International, Mr Jim Hodgson, said that it would make international telex still more useful to British businessmen. 'It is also the forerunner of a whole new range of modern digital text-transmission services on international routes which British Telecom International is providing to help Britain maintain its position as a major trading nation.'

Shorter Notes

DEPOSIT PROTECTION SCHEME

The deposit protection scheme, designed to protect small depositors in a bank or deposit-taking institution against loss in the event of failure of the institution, came into effect on 19 February. Under the scheme, which was provided for by the Banking Act 1979 (see pp 326-7, 1978), a depositor receives compensation from a deposit protection fund of 75 per cent of the first £10,000 of a sterling deposit placed with an institution contributing to the fund. Protection has been limited to this amount in order to encourage prudence on the part of depositors in placing their funds.

Recognised banks and licensed deposit-taking institutions contribute £5-£6 million to the fund but the deposit protection board, which administers it, may call for further contributions. A lower limit of £2,500 is set on initial contributions and an upper limit of £300,000 on both initial and further contributions. Total contributions are not to exceed 0·3 per cent of the deposit base of an institution.

Sources: *Hansard*, Vol 18, No 60, written answers, col 184. HM Treasury press notice, 18.2.82.

RATE SUPPORT GRANT SETTLEMENT

The Government has announced the 1982-83 rate support grant settlement[1] for England, Wales and Scotland.

In England local government expenditure of £20,463 million is to be taken into account in assessing central government grant to local authorities. Aggregate Exchequer grant will amount to £11,484 million (equivalent to 56·1 per cent of relevant expenditure compared with 59·1 per cent in 1981-82). Of this, specific grants, transport supplementary grant (to subsidise approved transport activities) and national parks supplementary grant will be £2,124 million, leaving £9,360 million for rate support grant. The Secretary of State for the Environment, Mr Michael Heseltine, said on 16 February that, in reducing the rate of grant, the Government felt that it was fair for an increased proportion of spending to be financed at the local level in order to maintain pressure on this expenditure. In any case, the Government would be providing over £500 million more than in 1981-82.

In Wales grant is to be assessed on the basis of expenditure of £1,301 million. Aggregate Exchequer grant will be £943 million (72·5 per cent of relevant expenditure compared with 73·4 per cent in 1981-82). Specific grants, transport supplementary grant and national parks supplementary grant will amount to £128 million, leaving £815 million for rate support grant. The Secretary of State for Wales, Mr Nicholas Edwards, pointed out on 16 February that aggregate Exchequer grant was more than 8 per cent higher than in 1981-82, which represented 'a fair, indeed generous, settlement. The level of current expenditure provision is such that it implies for Welsh local authorities as a whole virtually the same level of services as envisaged in the 1981-82 settlement.'

In Scotland grant is to be assessed against expenditure of £2,898 million. Aggregate Ex-

[1]Rate support is a system whereby central government supplements the finances for current expenditure of local authorities so that they can provide services for which they are responsible to similar standards while reducing disparities in their rates.

chequer grant will be £1,860 million although £15 million will not be payable in 1982-83 because of overspending by local authorities in 1980-81. Grant represents 64·2 per cent of relevant expenditure compared with 66·7 per cent in 1981-82. Specific grants will amount to nearly £168 million, leaving just under £1,678 million for rate support grant. In commending the proposals to the House of Commons, the Secretary of State for Scotland, Mr George Younger, said on 10 February that it was in the interests of every ratepayer in Scotland that local authorities should pay close heed to the need to reduce their expenditure.

Sources: *Hansard*, Vol 17, No 54, cols 977-1,028; Vol 18, No 58, cols 152-234; Vol 18, No 59, cols 235-58. Welsh Office press notice, 21.12.81. Scottish Information Office press notice, 22.1.82.

CONTROL OF POLLUTION ACT 1974: FURTHER IMPLEMENTATION

Powers of water authorities to control pollution in inland, underground, tidal and coastal waters are to be strengthened and extended in a four-year government programme to implement the remaining provisions (except for sections 52 and 53) of Part II of the Control of Pollution Act 1974 (see pp 282-5, 1974). It is intended that the most important of the new powers of pollution control will be available to water authorities by July 1984, enabling them to act where necessary in those areas and over those categories of discharge not yet subject to control and, on a more long-term basis, to plan for the further improvement of water quality in accordance with agreed environmental quality objectives and in the light of the best use of financial resources. Consultation with the water authorities and other interested bodies, including industry, will take place to consider the subordinate legislation required and, in particular, the detailed arrangements for the operation of public registers (see below). While it is intended that the programme should be more or less fully implemented by July 1986, some flexibility may be necessary in the phasing of certain provisions to allow for difficulties which may emerge from consultation.

Part II of the 1974 Act strengthens and extends powers to control pollution in inland waters, including specified underground waters, and tidal and coastal waters up to a three-mile (5-km) limit (and beyond, in certain circumstances). At present tidal waters are only subject to limited control in certain areas where special powers have been taken or where existing legislation provides for it. Part II will also provide for the opening to the public of registers giving information about effluent discharges and water quality and for the advertisement of new proposals.

Sources: *Hansard*, Vol 18, No 57, written answers, cols 36-7. Department of the Environment press release, 15.2.82.

CYCLING POLICY

Measures to improve facilities for cyclists were described in a statement on cycling policy on 26 January by the then Parliamentary Under-Secretary of State for Transport, Mr Kenneth Clarke. This follows the publication in May 1981 of a consultation paper on cycling policy,[1] which set out existing and proposed government measures to encourage cycling in England and Wales, and the subsequent receipt of over 300 responses, mostly welcoming the proposals and suggesting further ways of helping cyclists and improving safety. 'The Government very much welcomes the revived interest in cycling,' Mr Clarke said, 'which can bring benefits to the community in terms of reduced congestion, pollution and energy costs, and I hope that the growing recognition of cyclists' needs will lead to more widespread action to improve facilities which in turn will encourage more people to cycle.'

Mr Clarke said that much of the action proposed in the consultation paper had already begun. Regional cycling officers had been appointed to ensure that cyclists' needs were fully taken into account when trunk roads were designed or improved, and to co-operate with local authorities on the provision of cycling facilities. Most cycling was on local roads, where improved conditions for cyclists would depend largely on the actions and priorities of local highway authorities. The Department of Transport would invite county councils to make specific reference to cycling proposals in their transport policies and programmes, and would give them favourable consideration in making allocations. It would also encourage local authorities to consider the needs of cyclists in traffic regulation and planning activities. The Department's programme of financial help for innovatory cycle schemes was intended to assess the effectiveness of new arrangements and to demonstrate to local authorities what could be done for cyclists at a relatively modest cost. The programme would be extended to include one or two large-scale projects designed to monitor the effect on cycling demand of developing a continuous urban cycle route or network. A consultant's report on disused railway lines, identifying those with potential for conversion to cycle routes, would be published.[2]

All responses to the consultation paper stressed the safety of cyclists as a major concern, Mr Clarke said, and child cyclists were a particularly vulnerable group, with much higher casualty rates in relation to distance travelled than adult cyclists. Many of the responses had suggested that there was scope for improving child cycle training and Mr Clarke said that this should be achieved by the introduction later in 1982 of a new, extended National Cycling Proficiency Scheme by the Royal Society for the Prevention of Accidents. The scheme, offering a graded series of awards and including more on-road training, aimed to improve

[1] *Cycling: A Consultation Paper*. Available free from the Department of Transport, 2 Marsham Street, London SW1P 3EB.

[2] *Study of Disused Railways in England and Wales: Potential Cycle Routes*. A Study for the Department of Transport by John Grimshaw and Associates. HMSO, £11·50. ISBN 0 11 550558 X.

the educational methods involved in teaching cycling and to make it an integral part of traffic education in schools.

Mr Clarke said that there had been considerable support for the proposal that all new bicycles should be legally required to meet minimum standards of safety and construction based on a new British Standard for bicycles, which included wet and dry braking performance requirements and standards for the strength of various components. The Department of Transport proposed to issue draft regulations making it an offence to supply a bicycle not complying with prescribed standards and not so marked. Legislation would also be introduced to make it an offence to drive a motor vehicle on a cycle track.

SOCIAL AND CULTURAL AFFAIRS

Direct Broadcasting by Satellite

The Government has decided in principle that Britain should make an early start with direct broadcasting by satellite. The British Broadcasting Corporation (BBC) has been authorised to go ahead with its proposals for launching two satellite channels by 1986. Plans have also been announced for the formation of a privately financed satellite system able to beam broadcasting and telecommunications signals over an area of several thousand kilometres. The system, to be designed and manufactured in Britain, will be a joint venture between British Aerospace, British Telecom and GEC-Marconi.

Background

In March 1980 the Government set up a study of the implications of establishing a British direct satellite broadcasting service by 1985 at the earliest. A report on the study was published in May 1981[1]: this considered the nature and costs of a direct satellite broadcasting service; developments in other countries; the options and implications of direct satellite broadcasting for broadcasters, industry and viewers in Britain; the European aspects; and other issues such as radio regulatory aspects, copyright and environmental considerations.

The report stated that the aerospace and electronics industries would welcome an early start, with a satellite providing two operational channels of a power sufficient to broadcast direct to homes, and with some scope for providing additional information services. This, it suggested, might present useful export opportunities for the aerospace and electronics industries. It also suggested that a satellite system might be financed and operated by a separate satellite organisation which would lease channels, or time on a channel, to those wishing to use the system.

At the time of the report's publication, the Government announced its readiness to consider a start to direct satellite broadcasting with perhaps two television channels and possibly some information services operating in the mid-1980s. It considered the private sector might be interested in providing the funds necessary for such a proposition, subject to satisfactory market surveys of the likely public demand for such direct broadcasting services and to long-term assurances over the use of the satellite system. Solutions would have to be sought to the problems of financing any new broadcasting services other than by means of government expenditure and without undermining existing services which, even with direct broadcasting by satellite, were likely for many years to remain the principal broadcasting services for the majority of the population. Interested parties were invited to give their comments by the end of July 1981.

Reaction to the report has been largely constructive and positive, and as a result the Home Secretary, Mr William Whitelaw, announced in the House of Commons on 4 March 1982 (*Hansard*, Vol 19, No 70, cols 414-20) proposals on the future of satellite broadcasting.

Home Secretary's Statement

In his statement, Mr Whitelaw said that an early start with direct satellite broadcasting was necessary if the industrial opportunities it offered were to be grasped in good time in an area of keen international competition. The Government's proposals, therefore, were designed to lay 'a sound foundation for a development with major significance for Britain's industrial and employment prospects'.

The Government's aim was to have a service in operation by 1986. Because of the importance of making an early start, the best course would be to begin with two channels, increasing the number to the maximum of five permitted by international allocation as and when demand justified. The services would be transmitted at powers sufficient to permit both individual reception and community reception with cable distribution.

The Government expected the capital cost of providing the satellite system to be found in the private sector. Various interests in the aerospace and related industries had shown their readiness to take part in the new venture, and the Government would be working closely with them and with the domestic electronics industry to ensure that the economic benefits were effectively realised for Britain.

Mr Whitelaw said that direct satellite broadcasting clearly had to develop in a way consistent with existing broadcasting arrangements, particularly regarding supervision by a broadcasting authority and maintenance of proper programme standards. The BBC had already put forward

[1] *Direct Broadcasting by Satellite. Report of a Home Office Study.* HMSO, £4·50. ISBN 0 11 340740 8. For further details, see pp 180-1, 1981.

proposals for two direct satellite broadcasting channels: one, a subscription service, and the other to be financed from licence fee revenue, probably including a licence fee for satellite broadcasting [for further details, see below].

The Independent Broadcasting Authority and commercial television companies had shown some interest in providing satellite services, but their plans were less advanced than those of the BBC, and, in addition, more time and probably new legislation would be needed to devise the right framework for their participation. In the circumstances, therefore, the Government had decided that, if the necessary early agreements between satellite providers and users were to be reached, the BBC should be authorised to go ahead with its proposals. However, the Government considered that it was important for commercial television companies to participate in direct satellite broadcasting, and the present proposals would leave them ample future opportunities to do so. The Government intended to press ahead with the necessary preparatory work and introduce legislation where necessary. Meanwhile, the immediate requirement was for the BBC and the British space industry to arrange talks for constructing and agreeing detailed proposals.

Mr Whitelaw assured the House of an early debate on direct satellite broadcasting; this would be preceded by a statement on the facilities for cable transmission.

Opposition View

Dr Shirley Summerskill, Opposition spokeswoman on home affairs, welcomed the Home Secretary's statement, but added that the proposals represented a significant step into a completely new and rapidly changing field of public broadcasting, involving public money and an element of financial risk. She considered it essential for the House to receive a great deal more information about the exact implications, and said that there should be a White Paper before the Government introduced legislation to permit the independent television companies to participate.

For the Social Democratic Party, Mr Edward Lyons also welcomed the statement but considered that the costs of the new aerial and converter and the supplementary licence fee would create difficulties for the home market.

Speaking for the Liberal Party, Mr Clement Freud welcomed the Government's proposals and the promise of a full debate on the subject.

The Two Satellite Channels

The BBC's proposals for two separate satellite channels are outlined below.

One channel, the 'subscription channel', will be paid for by the subscriber, and will consist of new feature films and full-length coverage of major sporting, cultural and other events not at present available 'live' on any television network in Britain. The second channel, 'window on the world', will feature the best television programmes from around the world including repeats of programmes on British television. The BBC considers that the repeats on this service will have a special appeal to shift-workers and those viewers whose living patterns do not fit existing transmission schedules. The channel will be financed initially by a supplementary fee for those wishing to receive the service. (The BBC intends that both satellite channels will eventually be funded mainly from subscription channel income.)

Viewers of either or both services will receive the television signals through individual roof-mounted dish aerials, measuring about 90 cm in diameter which, with ancillary equipment, will initially cost about £250, a figure expected to drop to £200 when mass sales are produced; alternatively, subscribers will be able to receive signals by cable from a larger community aerial. The BBC expects viewers to obtain the subscription service with a device similar to a credit card keyed into the equipment in the home for selecting programmes. The card will be renewable annually.

The two satellite channels will be in addition to existing television channels, and the BBC does not intend to remove any existing programme material from its present channels for exclusive use on the satellite channels.

Radio

The launch of the television satellite channels will make it technically possible to provide additional radio services, and the BBC would like to explore the use of this facility for digital transmission perhaps of high-quality musical services. In view of the likely size of the transmission area in Europe, another possibility for radio would be the use of satellite transmission for the BBC World Service.

British direct satellite broadcasting services will comply with the regulations of the International Telecommunication Union, in particular the international plan for direct satellite broadcasting drawn up by the world broadcasting satellite administrative conference in 1977.

British Satellite System

Three British companies – British Aerospace, British Telecom and GEC-Marconi – have announced plans to produce Britain's first national broadcasting and telecommunications satellite sytem. This will provide facilities for direct broadcasting and telecommunications services from the mid-1980s as well as promoting British satellite systems and services in expanding world markets. A joint company – United Satellites Limited – is to be set up to run the satellite system, which will cost some £150 million. The three partners are expected to have equal shares in the company, although the methods of financing the group have yet to be determined.

The proposed system will initially provide two television channels covering Britain and much of northern Europe and up to 500 telephone channels serving most of Europe and the eastern part of North America. British Telecom will use some of the telecommunications channels for its own domestic and international services but it also plans to leave some capacity to international bodies such as Intelsat, the inter-governmental organisation responsible for controlling satellite communications (see p 17, 1981).

The companies plan to have their first satellite in orbit in operation by late 1985 and to launch a second on stand-by soon afterwards. A third satellite will be built and kept on the ground as a spare.

The three companies have already investigated potential markets and also the technical and operational means to meet broadcasting and telecommunications requirements. They will be holding further discussions with the broadcasting organisations to define technical requirements and the terms on which they will be able to offer satellite capacity for direct broadcasting television services.

Health Charges to Overseas Visitors

From 1 October 1982 most overseas visitors to Britain who have been in the country for less than a year will have to pay the full cost of any hospital treatment received during their stay. Emergency treatment will continue to be free. The changes will bring Britain into line with virtually every other Western country.

The Government's proposals, which contain some important modifications to those made in March 1981 (see p 124, 1981), were given to the House of Commons on 22 February by the Secretary of State for Social Services, Mr Norman Fowler (*Hansard*, Vol 18, No 62, cols 593-4). In his statement Mr Fowler gave the reasons for the new regulations. He said that the National Health Service was under pressure, with long waiting lists for some specialties in some parts of the country. It was only fair that people coming to Britain from overseas who had not contributed through taxes should be asked to pay for treatment as British people would be required to do when overseas. The new arrangements would be publicised abroad so that visitors could take out insurance before arrival.

The New System

Emergency treatment at accident and emergency out-patient departments will be free, as will treatment for people with communicable diseases and for compulsorily detained psychiatric patients. Those entitled to free treatment will be: overseas visitors (including students) who have been in the country more than a year; people coming to work in Britain; dependants of people already in Britain (wives and children under 18 years of age); British residents usually working abroad, subject to certain qualifying conditions; refugees; and seamen in vessels registered in the United Kingdom. Visitors from the European Community will keep their present entitlement to free treatment, as will those from countries with whom Britain has reciprocal health arrangements (Austria, Bulgaria, Czechoslovakia, Denmark, the German Democratic Republic, Hong Kong, Hungary, New Zealand, Norway, Poland, Portugal, Rumania, Sweden, Yugoslavia, Gibraltar, Malta and the Soviet Union).

The charges are expected to raise £6 million a year which will be made available to district health authorities to finance health care in their areas.

Shorter Notes

TENANTS' EXCHANGE SCHEME

A computer-based national information scheme for public-sector tenants who wish to move by exchanging homes was announced by the Government on 22 February. Following consultations with local authority associations, the Government is commissioning a computer bureau to establish the scheme for local authority, new town and housing association tenants in England and Wales who wish to move. The scheme, which will be free to tenants, will be called the Tenants' Exchange Scheme and is due to come into operation at the beginning of April. Announcing the scheme, the Minister for Housing and Construction, Mr John Stanley, said: 'The absence of any nationally available information about the housing requirements of tenants who wish to move by arranging exchanges has been a serious impediment for years to the mobility of public sector tenants.' He believed that the scheme would prove of great assistance to them.

Sources: *Hansard*, Vol 18, No 63, written answers, cols 317-18. Department of the Environment press release, 22.2.82.

SOUTH AFRICA: UNOFFICIAL ENGLISH CRICKET TOUR

The unofficial tour of South Africa by a number of English test cricketers, which began in March, was described by the Prime Minister, Mrs Margaret Thatcher, in the House of Commons on 3 March, as a breach of the Gleneagles agreement – a Commonwealth statement discouraging sporting links with South Africa – to which the Government is committed.[1] Mrs Thatcher said that the composition of the tour party and its programme of four-day and one-day test matches meant that it could only be regarded as a major sporting link with South Africa and was thus contrary to the principles of the Gleneagles agreement. She considered that the ramifications of the tour 'could affect the financial structure of cricket in [Britain] and jeopardise the future of multi-racial

[1]The agreement is a joint policy statement on apartheid in sport issued by the Commonwealth heads of Government in 1977 (see p 261, 1977).

international cricket; it could also have implications for international sport generally'. The Prime Minister informed the House that the tour had been arranged in secret; neither the Government nor the Test and County Cricket Board (the governing body for first-class cricket in Britain) had been aware of the tour, and she deeply regretted that the Government had not been given the opportunity to discuss the matter beforehand. Mrs Thatcher paid tribute to the Board for all it had done to uphold the principles of the Gleneagles agreement, pointing out that no test matches had been played against South Africa either in Britain or in South Africa itself since 1965.

In an earlier statement, on 2 March, Mrs Thatcher reminded the House of Commons that, while the Government sought to uphold the terms of the Gleneagles agreement, its powers in this matter were limited to those of persuasion; no legal restrictions on travel existed in Britain, and the Government did not have the power to prevent British sportsmen and sportswomen from visiting South Africa or anywhere else; if it had, Britain would no longer be a free country.

Sources: *Hansard*, Vol 19, No 69, written answers, col 142; Vol 19, No 68, cols 147-52.

THE BARBICAN CENTRE

The Barbican Centre for Arts and Conferences in the City of London was opened by the Queen on 3 March 1982. After being received by the Lord Mayor of London, Sir Christopher Leaver, Her Majesty unveiled a commemorative plaque and toured the Centre. Afterwards she attended a concert by the London Symphony Orchestra in the Barbican Hall and a performance by the Royal Shakespeare Company in the Barbican Theatre.

The largest centre of its kind in Western Europe, the Barbican Centre has been built at a cost of £153 million, provided by the City of London. It is constructed on nine levels, four of them below ground, and has terraces, fountains and a lake. Among other amenities, it contains a theatre for 1,100 people, which is one of the two bases of the Royal Shakespeare Company (the other being at Stratford-upon-Avon), and a concert hall for 2,000 people which is the permanent home of the London Symphony Orchestra, and which can also be used for conferences. There are also a second theatre, three cinemas, and numerous conference and seminar rooms, besides an art gallery, a sculpture court, a library and restaurants.

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